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FEDERAL MEAT INSPECTION ACT AMENDMENTS

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HEARING
BEFORE THE
SUBCOMMITTEE ON
LIVESTOCK, DAIRY, AND POULTRY
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

H.R. 5268

SEPTEMBER 29, 1982

Serial No. 97-GGGG



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¹ Resigned from Congress Aug. 25, 1982.

² Resigned from Committee Oct. 7, 1981.

³ Elected to Committee Dec. 16, 1981.

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FEDERAL MEAT INSPECTION ACT AMENDMENTS

WEDNESDAY, SEPTEMBER 29, 1982

**HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK, DAIRY, AND POULTRY,
COMMITTEE ON AGRICULTURE,
*Washington, D.C.***

The subcommittee met, pursuant to notice, at 9:05 a.m., in room 1302, Longworth House Office Building, Hon. Tom Harkin (chairman of the subcommittee) presiding.

Present: Representatives Volkmer, Stenholm, Hagedorn, Hansen, Skeen, and Gunderson.

Also present: Representative E de la Garza, chairman of the full committee, and Representative Wampler of the full committee.

Staff present: John E. Hogan, minority counsel; Peggy L. Pecore, clerk; Chris Abram, Bernard Brenner, Floyd D. Gaibler, and George Palmer.

OPENING REMARKS OF HON. TOM HARKIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. HARKIN. The Subcommittee on Livestock, Dairy, and Poultry will come to order. The subject of today's hearing is H.R. 5268, a bill to permit the interstate shipment of State-inspected meat and poultry products. With the passage of the Wholesome Meat Act of 1967 and the Wholesome Poultry Products Act of 1968, States were required to develop and enforce the inspection of meat and poultry products entering intrastate commerce that were at least equal to those of the Federal inspection system.

Several States chose to continue or develop State inspection systems, and today we have 23 State programs for meat and 27 for poultry. Some have suggested that State inspection systems since the late 1960's have proven that States can operate programs equal to that of the Federal program and that State-inspected products should be permitted to be shipped interstate. Consequently, the current administration has developed and advanced this legislation.

I have several questions with respect to the impact of this legislation, if passed. Therefore, I look forward to hearing from and questioning our witnesses today.

[The bill, H.R. 5268, and the report from the U.S. Department of Agriculture follow:]

97TH CONGRESS
1ST SESSION

H. R. 5268

Entitled the "Federal Meat Inspection Act Amendments of 1981".

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 16, 1981

Mr. WAMPLER (by request) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

Entitled the "Federal Meat Inspection Act Amendments of 1981".

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That the Federal Meat Inspection Act is amended as follows:

4 (a) Section 301 of said Act (34 Stat. 1260, as added by
5 81 Stat. 595; 21 U.S.C. 661) is hereby amended as follows:

6 (1) In subparagraph (a)(1), the phrase "solely for
7 distribution within such State" is deleted.

8 (2) The following sentence is added at the end of
9 subparagraph (a)(2): "In carrying out the provisions of
10 this Act, the Secretary may conduct such examina-

1 tions, investigations, and inspections as he determines
2 practicable through any officer or employee of any
3 State or territory or the District of Columbia commis-
4 sioned by the Secretary for such purposes.”.

5 (3) In subparagraph (c)(3), the phrase “with re-
6 spect to the operations and transactions within such
7 State which are regulated under subparagraph (1),” is
8 deleted and the following is substituted therefor: “with
9 respect to all establishments within its jurisdiction
10 which do not operate under Federal inspection under
11 title I of this Act and at which any cattle, sheep,
12 swine, goats, or equines are slaughtered, or their car-
13 casses, or parts or products thereof, are prepared, for
14 use as human food, and with respect to the distribution
15 of carcasses, parts thereof, meat, or meat food products
16 of such animals within the State,”.

17 (b) Section 301 of said Act is further amended by adding
18 at the end thereof the following paragraph (e):

19 “(e) Notwithstanding any other provisions of this Act:

20 “(1) Carcasses, parts thereof, meat, and meat food
21 products of cattle, sheep, swine, goats, or equines pre-
22 pared under State inspection in any State not designat-
23 ed under paragraph (c) of this section, in compliance
24 with the meat inspection law of the State, shall be eli-
25 gible for sale or transportation in interstate commerce

1 and in States designated under paragraph (c), and for
2 entry into and use in the preparation of products in es-
3 tablishments at which Federal inspection is maintained
4 under title I of this Act, in the same manner and to
5 the same extent as products prepared at such establish-
6 ments: *Provided*, That such State inspected articles,
7 and federally inspected articles prepared, in whole or
8 in part, from such State inspected articles, shall not be
9 eligible for sale or transportation in foreign commerce
10 and shall be separated at all times from all other feder-
11 ally inspected articles in any federally inspected estab-
12 lishment which engages in the preparation, sale, or
13 transportation of carcasses, or parts thereof, meat, or
14 meat food products, for foreign commerce.

15 “(2) All carcasses, parts thereof, meat, and meat
16 food products that are inspected in a program of in-
17 spection pursuant to State law in a State not designat-
18 ed under paragraph (c) of this section shall be identified
19 as so inspected only by official marks which identify
20 the State and are such design as each such State shall
21 prescribe. Federally inspected articles prepared, in
22 whole or in part, from such State inspected articles
23 shall be identified as so inspected only by the same of-
24 ficial marks as prescribed by the Secretary for articles
25 slaughtered or prepared under title I of this Act.

1 “(3) The operator of any establishment which is
2 operated at any time under Federal or State inspec-
3 tion, who wishes to transfer to State or Federal in-
4 spection, respectively, may do so only on October 1 of
5 any year, after having given notice to both inspection
6 agencies at least six months in advance of that date of
7 his intention to do so and only if the Secretary deter-
8 mines that such transfer will effectuate the purposes
9 set forth in section 2 of this Act and will not adversely
10 affect the stability of the total State and Federal in-
11 spection systems. The Secretary may, in his discretion,
12 make individual exceptions for any applicant for Feder-
13 al inspection under title I of this Act that presents
14 clear and convincing evidence that it intends to, and
15 will be able to, engage in foreign commerce to a sub-
16 stantial extent in a manner which would require such
17 Federal inspection.

18 “(4) For the purposes of this paragraph of this
19 section, the term ‘interstate commerce’ means com-
20 merce between any State, any territory, or the District
21 of Columbia.”.

22 (c) Section 408 of said Act (34 Stat. 1260, as
23 added by 81 Stat. 600; 21 U.S.C. 678) is hereby
24 amended by deleting the second sentence and substitut-
25 ing the following: “Marking, labeling, packaging, or in-

1 gradient requirements in addition to, or different than
2 those made under this Act may not be imposed by any
3 State or territory or the District of Columbia with re-
4 spect to articles prepared at any establishment under
5 Federal inspection in accordance with the requirements
6 under title I of this Act or with respect to articles pre-
7 pared for interstate commerce at any State inspected
8 establishment in accordance with the requirements
9 under section 301(e) of this Act; but any State or terri-
10 tory or the District of Columbia may, consistent with
11 the requirements under this Act, exercise concurrent
12 jurisdiction with the Secretary over articles distributed
13 in commerce or otherwise subject to this Act, for the
14 purpose of preventing the distribution for human food
15 purposes of any such articles which are not in compli-
16 ance with the requirements under this Act and are out-
17 side of any federally or State inspected establishment,
18 or in the case of imported articles, which are not at
19 such an establishment, after their entry into the United
20 States.”.

21 SEC. 2. The Poultry Products Inspection Act (71 Stat.
22 441, as amended by 82 Stat. 791; 21 U.S.C. 451 et seq.)

23 (a) Section 5 of the Poultry Products Inspection Act (71
24 Stat. 443, as amended by 82 Stat. 796; 21 U.S.C. 454) is
25 hereby amended as follows:

1 (1) In subparagraph (a)(1), the phrase "solely for
2 distribution within such State" is deleted.

3 (2) In subparagraph (c)(3), the phrase "with re-
4 spect to the operations and transactions within such
5 State which are regulated under subparagraph (1) of
6 this paragraph (c)," is deleted, and the following is
7 substituted therefor: "with respect to all establishments
8 within its jurisdiction which do not operate under Fed-
9 eral inspection under this Act and at which any poultry
10 are slaughtered, or any poultry products are processed,
11 for use as human food, and with respect to the distri-
12 bution of poultry products within the State,".

13 (b) Section 5 of said Act is further amended by adding at
14 the end thereof the following paragraph (e):

15 "(e) Notwithstanding any other provisions of this Act:

16 "(1) Poultry products processed under State in-
17 spection in any State not designated under paragraph
18 (c) of this section in compliance with the poultry prod-
19 ucts inspection law of the State, shall be eligible for
20 sale or transportation in interstate commerce and in
21 States designated under paragraph (c), and for entry
22 into and use in the processing of poultry products in
23 establishments at which Federal inspection is main-
24 tained under this Act, in the same manner and to the
25 same extent as poultry products processed at such es-

1 tablishments: *Provided*, That poultry products comply-
2 ing with the requirements under the poultry products
3 inspection laws of such nondesignated States in which
4 the products were processed shall be considered as
5 complying with this Act: *Provided further*, That such
6 State inspected poultry products, and federally inspect-
7 ed poultry products processed, in whole or in part,
8 from such State inspected poultry products, shall not
9 be eligible for sale or transportation in foreign com-
10 merce and shall be separated at all times from all other
11 federally inspected poultry products in any federally in-
12 spected establishment which engages in the processing,
13 sale, or transportation of poultry products for foreign
14 commerce.

15 “(2) All poultry products that are inspected in a
16 program of inspection pursuant to State law in a State
17 not designated under paragraph (c) of this section, shall
18 be identified as so inspected only by official marks
19 which identify the State and are of such design as each
20 such State shall prescribe. Federally inspected poultry
21 products processed in whole or in part, from such State
22 inspected poultry products shall be identified as so in-
23 spected only by the same official marks as prescribed
24 by the Secretary for poultry products processed under
25 sections 1-4, 6-10, and 12-22 of this Act.

1 “(3) The operator of any establishment which is
2 operated at any time under Federal or State inspec-
3 tion, who wishes to transfer to State or Federal in-
4 spection, respectively, may do so only on October 1 of
5 any year, after having given notice to both inspection
6 agencies at least six months in advance of that date of
7 his intention to do so and only if the Secretary deter-
8 mines that such transfer will effectuate the purposes
9 set forth in section 2 of this Act and will not adversely
10 affect the stability of the total State and Federal in-
11 spection systems. The Secretary may, in his discretion,
12 make individual exceptions for any applicant for Feder-
13 al inspection under title I of this Act that presents
14 clear and convincing evidence that it intends to, and
15 will be able to, engage in foreign commerce to a sub-
16 stantial extent in a manner which would require such
17 Federal inspection.

18 “(4) For the purposes of this paragraph of this
19 section, the term ‘interstate commerce’ means com-
20 merce between any State, any territory, or the District
21 of Columbia.”.

22 (c) Section 23 of said Act (71 Stat. 441, as added by 82
23 Stat. 807; 21 U.S.C. 467e) is hereby amended by deleting
24 the second sentence and substituting the following: “Mark-
25 ing, labeling, packaging, or ingredient requirements in addi-

1 tion to, or different than, those made under this Act may not
2 be imposed by any State or territory or the District of Co-
3 lumbia with respect to articles prepared at any establishment
4 under Federal inspection in accordance with the requirements
5 under this Act or with respect to articles prepared for inter-
6 state commerce at any State inspected establishment in ac-
7 cordance with the requirements under section 5(e) of this
8 Act. Further storage or handling requirements found by the
9 Secretary to unduly interfere with the free flow of poultry
10 products in commerce shall not be imposed by any State or
11 territory or the District of Columbia. However, any State or
12 territory or the District of Columbia may, consistent with the
13 requirements under this Act, exercise concurrent jurisdiction
14 with the Secretary over articles distributed in commerce or
15 otherwise subject to this Act, for the purpose of preventing
16 the distribution for human food purpose of preventing the dis-
17 tribution for human food purposes of any such articles which
18 are not in compliance with the requirements under this Act
19 and are outside of any federally or State inspected establish-
20 ment, or, in the case of imported articles, which are not at
21 such an establishment, after their entry into the United
22 States.”.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

: July 14 1982

Honorable E (Kika) de la Garza
Chairman, Committee on Agriculture
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your request for a report on H.R. 5268, a bill entitled the "Federal Meat Inspection Act Amendments of 1981."

The Department of Agriculture recommends enactment of this bill.

This bill amends the Federal Meat Inspection Act and the Poultry Products Inspection Act to permit carcasses, parts of carcasses, meat and meat food products of cattle, sheep, swine, goats, equines, or poultry prepared under State inspection to be eligible for sale or transportation in interstate commerce. Furthermore, the bill permits the entry of State inspected product into Federally inspected plants for further processing. However, under provisions of this bill State inspected product would not be eligible for sale or transportation in foreign commerce. Therefore, any State inspected or mixed State-Federal inspected product would be kept separated from any federally inspected product in a federally inspected plant.

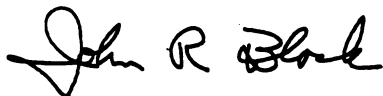
The Federal Meat Inspection Act and the Poultry Products Inspection Act, as amended, as well as strict regulatory trade agreements on meat and poultry exports and imports, require the United States to accept only meat and poultry inspected by a national system of inspection that is at least equal to our Federal inspection system; our trading partners have the same requirements as regards product imported from this country. Therefore, neither the United States nor our trading partners are permitted to accept imports from plants that have been inspected by a State, local or provincial system. The provision in the bill which would make State-inspected products ineligible for sale or transportation in foreign commerce is thus consistent with maintaining our trading relations regarding meat and poultry imports and exports.

The Wholesome Meat Act and the Wholesome Poultry Products Inspection Act require States carrying out State inspection programs to develop and effectively enforce requirements, with respect to intrastate operations, "at least equal to" the Federal requirements imposed under the Acts. There are now 27 States conducting meat and/or poultry inspection programs for intrastate product. These programs conduct inspection at plants accounting for 5 percent of the total red meat and one percent of poultry slaughtered in the United States. USDA's responsibility for maintaining a national standard for meat and poultry inspection under these Acts is enforced in such States through a review of each State program. Also, a statistically selected sample of State plants is reviewed periodically as a further check on the effectiveness of the State's inspection system.

Since States which choose to carry out inspection programs must develop and effectively enforce meat inspection requirements "at least equal to" those of the Federal program, it is reasonable that States should be allowed comparable benefits under the law with respect to sales in other than foreign commerce. This legislation would give State inspected plants the opportunity to expand their markets to include wholesale and retail outlets in other States and State or federally inspected plants regardless of where they are located. The Department does not believe that this bill as written will have any significant impact on the meat and poultry industry, or on consumer confidence in that industry.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,



John R. Block
Secretary

Mr. HARKIN. I am inserting in the record at this point the statements of Representatives Hagedorn, Stenholm, and Wampler.

[The statements of Representatives Hagedorn, Stenholm, and Wampler follow:]

OPENING STATEMENT OF HON. TOM HAGEDORN, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF MINNESOTA

Thank you, Mr. Chairman. As you previously mentioned, the legislation we are considering today would amend the Federal Meat Inspection Act and the Federal Poultry Product Inspection Act to permit State-inspected meat and poultry products to move in interstate commerce. It would also permit the entry of State-inspected products into federally inspected plants for further processing. However, these products would not be eligible for sale or transportation in foreign commerce. Federally inspected plants which ship products in foreign commerce would be required to keep State-inspected products separated from federally inspected products.

The legislation would also require States to use their inspection marks on State-inspected products, so it can be easily distinguished from federally inspected products. Furthermore, it would establish procedures for plants to apply for inspection services or for a transfer of inspection authority. Finally, the bill would require State-inspected products moving in interstate commerce to meet the Federal requirements for marking, labeling, packaging, and ingredients.

Congress first considered the issue of shipment of State-inspected products into interstate commerce during discussion preceding the passage of the Wholesome Poul-

try Products Act in 1968. Since then, the issue has been debated on several occasions.

During that time, significant changes have occurred in the meat and poultry industry. In 1967, the volume share of meat and poultry slaughtered and processed by State-inspected plants was estimated at about 25 percent. In 1980, State inspection programs accounted for 5 percent of the total red meat and 1 percent of poultry slaughtered and processed in the United States.

While their volume share has diminished sharply, almost 35 percent (4,000) of all meat and poultry plants are currently under State inspection programs. Thus, there are a large number of plants which have only a marginal share of the total meat and poultry market.

Currently, only 27 States have State inspection programs—23 for both meat and poultry and 4 for meat only. Four States relinquished their meat and/or poultry inspection programs during the last 18 months. Most of these States have given up their inspection programs voluntarily as a result of fiscal constraints placed on their budgets.

This legislation has the support of the National Association of State Departments of Agriculture (NASDA) and the U.S. Department of Agriculture. However, as I understand it, there are some meat and poultry interests who have expressed serious reservations about this bill.

I am hopeful that the witnesses who will testify today will provide the subcommittee a better understanding of the ramifications of this legislation.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF HON. CHARLES W. STENHOLM, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS

Mr. Chairman, I want to commend you for scheduling hearings on H.R. 5268, the Federal Meat Inspection Act Amendments. This bill deals with an important issue, and those who are affected by it deserve to be heard.

I have received a good deal of mail on H.R. 5268, as I know my colleagues have, and most of it has been favorable. State-inspected plants clearly want a chance to make their case for this bill, and I am glad they have that chance today.

If there are problems with the bill as now written; or if there are public health and safety questions which the bill fails to address; or if this bill indeed represents an idea whose time has come in an era of decreased regulation—in each case, we in the Congress need to know, so that we can make our choices intelligently.

So I commend the witnesses who will present testimony today for their interest, and again I commend you, Mr. Chairman, for allowing all sides of this question to be heard.

OPENING STATEMENT OF HON. WILLIAM C. WAMPLER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF VIRGINIA

Thank you, Mr. Chairman. I appreciate your efforts in scheduling this hearing, particularly as the House has a significant amount of business pending before we adjourn. As you know, I introduced this legislation last December at the request of the National Association of State Departments of Agriculture (NASDA). This bill would modify the limitations on the interstate shipment of meat and poultry products from State-inspected plants. Under present law, State-inspected plants may only ship meat and poultry products within State boundaries. In addition, State-inspected plants are not allowed to ship their products to federally inspected plants for further processing.

This restriction was first imposed because there were no uniform national inspection requirements and many States had not developed any or even adequate inspection requirements for interstate shipment of meat and poultry products. The passage of the Wholesome Meat Act of 1967 required States to enact and enforce inspection requirements that were at least "equal to" the level of Federal inspection. Those States that chose not to meet the Federal requirements, or that were unable to meet the requirements under their State-oriented program, are now under the Federal inspection program. This change brought about uniform inspection of meat in both State-inspected and Federal-inspected plants throughout the United States. Similar requirements for poultry were established by passage of the Wholesome Poultry Products Act in 1968.

Mr. Chairman, this legislation would permit State-inspected meat and poultry products to move in interstate commerce, but not in foreign commerce. Federally

inspected plants which ship products in foreign commerce would be required to keep State-inspected products separated from federally inspected products.

Second, it would require States to use their own inspection marks on State-inspected products, so that they can be easily distinguished from federally inspected products.

Further, the bill would establish procedures for plants to apply for inspection services or for a transfer of inspection authority. These procedures are intended to prevent plants from pitting one program against the other and to avoid serious disruptions in inspection personnel.

Finally, the legislation would require State-inspected products moving in interstate commerce to meet the Federal requirements for marking, labeling, packaging, and ingredients.

The restriction on movement in interstate commerce is particularly burdensome to State-inspected plants located at or near State borders. They are able to do business with suppliers who are located in the State, but not with their outlets in bordering States. This requires suppliers to segregate State-inspected products from Federal-inspected products at their warehouses. In addition, if a State-inspected plant switches to Federal inspection it can no longer buy products from traditional suppliers within the States who operate under State inspection. This bill would eliminate these infringements by allowing State-inspected plants to ship products to Federal plants both intrastate and interstate.

In addition to NASDA, this legislation is supported by the U.S. Department of Agriculture. Nonetheless, this bill is not without controversy, as I am sure you will discover in the testimony presented today.

However, I would hope that this hearing will provide a forum for an airing of these differences. Again, Mr. Chairman I appreciate your efforts in holding this hearing and allowing me the opportunity to address this subcommittee.

Thank you.

Mr. HARKIN. I will now recognize Mr. Gunderson for his opening statement.

OPENING REMARKS OF HON. STEVE GUNDERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. GUNDERSON. Thank you, Mr. Chairman. I would like to make some opening remarks. As a cosponsor of H.R. 5268, the Federal Meat Inspection Act Amendments of 1981, I would like to first take this opportunity to thank you for holding this hearing on this important legislation.

Under existing Federal law, State-inspected meat products may not be marketed in interstate commerce despite the fact that Federal law also requires State inspection standards to be at least equal to Federal inspection standards. This limitation works a particular hardship on thousands of small, family-owned meat processing plants located near State borders.

These small businesses that represent 42 percent of all meat processors but market only 5 percent of the total volume of meat processed in our country face an incredible economic choice. Either they comply with these expensive Federal standards or they lose their interstate markets. Unfortunately for consumers, the latter alternative is most often chosen, and many of our small meat processors simply do not market their product outside of their State borders. To be sure, this is an artificial limitation.

Accordingly, the concept of allowing State-inspected meat to be marketed interstate has gathered growing support. In fact in March of this year, 700 voting delegates representing 56,000 producer-members of the Equity Livestock Sales Association of Baraboo, Wis., unanimously voted in favor of a resolution calling for interstate marketing of State-inspected meat. Similarly, the U.S. Department of Agriculture has endorsed the bill before us.

Perhaps the best summary I have read of the effect of current limitations in thousands of family-owned meat processing plants across our country was prepared by Clarence Knebel of Belmont, Wis., who is a witness here today. Mr. Chairman, I ask that Mr. Knebel's statement be made a part of the record together with the list of those individuals from whom I have received letters asking that their support for H.R. 5268 be made part of the official record.

Again, Mr. Chairman, I thank you for holding this hearing, and I look forward to hearing the testimony that will be presented.

Mr. HARKIN. Thank you, Mr. Gunderson.

Our first witness today is Dr. Donald Houston, Administrator of the Food Safety and Inspection Service, U.S. Department of Agriculture. Dr. Houston, welcome again to the subcommittee. If you could summarize your statement for us, we would be most grateful.

STATEMENT OF DONALD L. HOUSTON, ADMINISTRATOR, FOOD SAFETY AND INSPECTION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY JOSEPH L. BLAIR, D.V.M., DIRECTOR, FEDERAL-STATE RELATIONS, MEAT AND POULTRY INSPECTION PROGRAM

Dr. HOUSTON. Thank you, Mr. Chairman. I would like to introduce Dr. Joseph Blair who is with us this morning. He is a senior official in the Food Safety and Inspection Service and is in charge of our Federal-State cooperative program.

We appreciate the opportunity to testify on this bill today which would amend the meat and poultry inspection acts to make State-inspected meat and poultry products eligible for sale or transportation in interstate commerce and for entry into and use in the preparation of products in federally inspected establishments.

The Department of Agriculture supports this legislation. The circumstances that led to the restrictions in the meat and poultry inspection acts on the distribution of State-inspected products have changed since those laws were enacted. We believe that meat and poultry products inspected by the States need no longer be limited to distribution in intrastate commerce but should be allowed in interstate commerce as well.

Prior to 1967 under both the meat and poultry inspection acts, the States were not required to inspect meat and poultry products prepared for distribution in intrastate commerce even though some States were doing so. Concern over the lack of uniformity among State inspection requirements and unsanitary conditions in many intrastate plants led to a major revision of the inspection laws and resulted in the enactment of the 1967 Wholesome Meat Act and the 1968 Wholesome Poultry Products Act. Those acts require, with certain exceptions, that all meat and poultry products prepared for human consumption including those prepared for distribution in intrastate commerce, be inspected. They also require States to develop and effectively enforce requirements for the inspection of meat and poultry products distributed in intrastate commerce that are "at least equal to those" of the Federal program.

The "at least equal to" provisions of the two acts were the key element in upgrading the inspection of intrastate products. The acts stress the need for cooperation between Federal and State au-

thorities in carrying out the consumer protection provisions of the legislation, but also require USDA to monitor State programs. If a State fails to develop or effectively enforce inspection requirements "at least equal to" those under the acts, the Secretary is required to "designate" that State for Federal inspection. The Department then assumes direct responsibility at plants that were formerly inspected under the State program.

To assist in achieving the purposes of the legislation, the acts authorize the Secretary to cooperate with State governments in developing and administering State inspection programs. Since passage of the legislation there has been extensive and continuous Federal aid to the States. Such aid has included advisory assistance in planning and developing State programs, technical and laboratory support and training, and up to 50 percent of the estimated total cost of cooperative programs.

Since 1967 the Federal Government has provided the States with 50 percent of the costs of their inspection programs—for a total of about \$354 million. In this fiscal year the Federal share of State programs will be about \$30.4 million.

Federal payment under the cost-sharing program is contingent on continued satisfactory State administration of the "at least equal to" provisions. To assure that the States are meeting those provisions, the acts require the Federal inspection program to conduct periodic reviews of State programs. USDA evaluations of those programs include reviewing information on State program authority, number and types of plants, program staffing, funding, changes in organization and administration, compliance and evaluation at the State level, and results of reviews of State plants. USDA conducts plant reviews by visiting a statistical sample of State plants each quarter. The Department must certify to Congress once a year that each State program is being maintained at a level that is "at least equal to" the Federal program.

Unfortunately, many Governors or State legislatures have chosen to discontinue State inspection programs, almost universally for economic reasons. If a State ends its funding of inspection, USDA by law must assume responsibility for inspection of plants formerly under State jurisdiction because the States can no longer enforce an inspection program "at least equal to" the Federal program. Today the Federal Government is responsible for the inspection of meat products produced for intrastate commerce in 23 States and for poultry products in 27 States. The remaining State programs employ 2,200 inspectors and about 4,200 plants.

During the debate on the 1967 and 1968 legislation, it was argued that if States were willing to work toward and develop federally approved inspection systems equal to the Federal program, plants inspected by the States should have the same rights in interstate commerce as those inspected by the Federal Government. The Congress, however, decided not to consider this issue until State programs could prove in practice as well as in theory that they met Federal standards. We now believe that the States with inspection systems have proven over a long period of time that they are able to operate sophisticated programs "at least equal to" the Federal. Thus, meat and poultry products from State-inspected plants should be allowed to be distributed in interstate commerce or to

federally inspected establishments for further processing, as H.R. 5268 provides.

The States also contend that the treatment of State-inspected product is blatantly unfair compared to the privileges allowed imported product. As you know, meat and poultry inspection laws require inspection systems of countries that export products to the United States to meet the standards set forth in those laws. After USDA determination of the eligibility of a country to export meat or poultry products to the United States, approved plants in that country are allowed to distribute product in interstate commerce in the United States once the product has passed port-of-entry inspection. On the other hand, not only does USDA review and certify State inspection programs as "at least equal to" the Federal, it also pays half the cost of most State programs. Yet, under the current law, State-inspected meat and poultry products are prohibited from being distributed in interstate commerce. We at USDA agree with the States' position that this situation is inequitable and should be corrected.

A major concern of USDA in the past has been that State-inspected product not be allowed in foreign commerce. The United States requires imported meat and poultry products to have been inspected by a national system of inspection. Most of our trading partners require the same of the meat and poultry products they import from us. The proposed legislation retains the current prohibition against the sale or transportation of State-inspected product in foreign commerce and also provides that federally inspected articles prepared in whole or in part from State-inspected articles shall not be eligible for sale or transportation in foreign commerce. These provisions are consistent with our foreign trade requirements for meat and poultry products entering the United States.

USDA and other officials have also been concerned with the effect of such legislation on the stability of the Federal inspection system. In the past many feared that, if State-inspected product were allowed to be shipped in interstate commerce, plants would be able to "shop around" for the inspection program they preferred. It was also feared that plant management might pressure Federal or State inspection officials to lower standards with the threat that the plant would transfer to the other program. Thus, major instability might be created in the current inspection system. The legislative proposal addresses this concern by requiring that the operator of any establishment under Federal or State inspection who wishes to transfer to the other program may do so only on October 1 of each year and only after the Secretary has determined that the transfer will not adversely affect the stability of the total State and Federal system. This provision would also benefit the States because it would discourage plants from arbitrarily transferring from State to Federal inspection. In fact the Secretary would consult with State officials before agreeing to the transfer of a plant from a State program.

Over the years there has been instability in State inspection programs caused at least partly by the prohibition in the shipment of State-inspected product in interstate commerce. If a State-inspected plant decides it wants to ship its product interstate, it must operate subject to Federal inspection. When it does, plants that remain in

the State program are no longer allowed to sell product to the plant that opted for the Federal program. Thus, markets are lost, and, as a consequence, plants may go out of business.

Mr. Chairman, the Department believes that the legislative proposal would help overcome some of the problems the States face and thus would help preserve our Federal-State system of inspection. When the Wholesome Meat Act and the Wholesome Poultry Products Act were passed, many States assumed responsibility for a large number of plants that the Federal program probably could not have absorbed at the time. Most of those plants were small establishments in areas that served the rural community. This pattern still prevails today. Such operations should be under State control because State inspection programs are more locally oriented and more accessible to small plants than is the Federal program. With this distinctive ability to respond to the needs of small plants, the States continue to play a vital role in the inspection system.

Because the States have proven that they are able to run sound inspection programs, we believe that the proposed legislation would not reduce the level of consumer protection currently provided. On the contrary, the proposal would recognize the States' contribution to that effort. It is our hope that the States will continue to support their inspection programs and that the legislative proposal before you today will encourage them to do so. This legislation is patently fair and logical, and the time has arrived for its passage.

Mr. Chairman, that concludes the summary of my statement and I will be happy to answer any questions you or other members of the subcommittee may have.

Mr. HARKIN. Thank you Dr. Houston. Without objection, a copy of your prepared statement will be inserted in the record.

[The prepared statement of Dr. Houston appears at the conclusion of the hearing.]

Mr. HARKIN. You mentioned in your statement on page 7 dealing with the exports, Dr. Houston, that we refuse to accept imported meat from countries that have a provincial inspection system similar to our State system. How will USDA safeguard exports to insure that State-inspected meat does not flow in export channels? Would it not be difficult to monitor once the State product enters interstate commerce or is used in a product formulation that could mask its origin, such as a further processed product?

Dr. HOUSTON. It would present some administrative problems, but I do not think they would be overwhelming.

Mr. HARKIN. Tell me how it would work.

Dr. HOUSTON. I believe we would have to promulgate regulations to prevent plants that are going to export, not purchase State-inspected product and bring it into the plant. In other words, there would have to be a segregation of those plants that are going to be high-volume exporters.

Mr. HARKIN. How about low-volume exporters?

Dr. HOUSTON. We would have our in-plant inspectors watch the product coming in to be sure that it did not get into export trade.

Mr. HARKIN. Are you telling me that a plant that is exporting abroad would not be allowed to use a State-inspected product?

Dr. HOUSTON. That is right.

Mr. HARKIN. They absolutely would not be able to use it at all ever for anything.

Dr. HOUSTON. Not if they are going to export it. I think we would have to look at each individual operation. If they are a large-volume exporter we would probably propose regulations that they not bring State-inspected products in. However, I think with our program of in-plant inspection we could control it in other situations and not have to preclude its entry in total.

Mr. HARKIN. How would a recall be conducted if a State-inspected product was found to be unwholesome, adulterated, or misbranded? Who would be required to administer such a recall?

Dr. HOUSTON. I believe it would have to be a joint exercise between the State and Federal sectors. Because product would be allowed to enter into interstate commerce, we would have to widen or broaden the recall efforts to the markets that were affected.

Mr. HARKIN. So the States would have to foot some of the bill then. Is that what you are saying?

Dr. HOUSTON. That is possible, but again we would have to look at each case individually. We always limit recall procedures to where the product is marketed. Many times that can be within a single State. If that particular product that is under recall is not sold outside the State or has a limited market, we would not go with a national recall program. Again, you have to look at each of those individually.

Mr. HARKIN. How would the inspection of State programs be conducted under this bill? Would it be increased or remain the same? How well do they comply with Federal standards right now?

Dr. HOUSTON. Our latest reviews show that the Federal program and the State program are equal and that the State plants are on a par with those under Federal inspection. We see no problems in that area.

As far as shifts from one program to another, again I do not see any opportunity for large shifts of plants from one programs to another. I think the controlling factor is going to be how much money the State legislatures continue to put into the State inspection budgets.

Mr. HARKIN. What if the State elects not to put much money in? What if the State is broke and they do not want to put much money into it and they say that it is up to the Federal Government, that the Federal Government should do it?

Dr. HOUSTON. They have done that already in 23 instances. They may continue to do it. If they do then we have no alternative under the law but to go in and to assume responsibility. We hope that, if this piece of legislation is passed, it will encourage the States—Governors and State legislatures—to continue to provide adequate funding so that they can continue to meet the equal to provisions of the law.

We believe this bill will enhance and strengthen State institutions.

Mr. HARKIN. Dr. Houston, legislation is pending before this subcommittee, which you are well aware of, that we have been working on for the better part of this year, that would permit less than continuous inspection. If that legislation is enacted, how will that affect State inspection programs? In other words, would a State

have to have a TQC system comparable to that of the Federal Government?

Dr. HOUSTON. No; if that bill is passed the States would have the opportunity to take advantage of the provisions. However, they would not be required to utilize it. If they wanted to continue to provide continuous inspection——

Mr. HARKIN. Excuse me for interrupting. They would have an option. They could have either continuous inspection, or they could adopt a TQC program.

Dr. HOUSTON. They could do either one just as our own quality control program is voluntary in the Federal sector. However, we would encourage them to take advantage of the provisions of that bill because of the cost-saving features that are associated with it. Most of the State directors whom I have talked with are supportive of that bill because they see in it an opportunity to save money and at the same time not lower the quality of inspection that is being provided.

Mr. HARKIN. Won't it keep them from just reducing the level of inspection and not doing anything else?

Dr. HOUSTON. We would have to go in and make an "equal to" determination. If they had not maintained the quality of the program, we would have to inform the Governor and give him or her an opportunity to make corrections. If they did not, we eventually would have to designate the States.

Mr. HARKIN. Thank you. Mr. Hagedorn?

Mr. HAGEDORN. Dr. Houston, I am wondering. If this program were to be implemented, would there be a shift in inspection programs by plants particularly from the Federal back to the State?

Dr. HOUSTON. The bill only permits plants to shift from one program to another on October 1 of each year and only after a review is made by the Secretary of Agriculture to avoid large shifts from one program to another. Also, another controlling feature of course would be the amounts of money that are available to the States in their budgets. They may not be able to provide inspection if a large number of plants were to opt for State inspection at any one time. They would have to remain under Federal control.

The reason for putting this particular requirement in the bill is so that there remains stability in both the Federal and State systems.

Mr. HAGEDORN. All right. It would appear that this legislation would require that both State and Federal inspectors be required to check inspection procedures in slaughter and processing operations of any plant found to be shipping adulterated and mislabeled product. Would not there be a duplication of administration and enforcement? If so who would have the enforcement responsibility to deal with an adulterated or mislabeled product?

Dr. HOUSTON. Again, it depends on where that product has been shipped.

Mr. HAGEDORN. Assuming it is in interstate.

Dr. HOUSTON. If it goes in interstate commerce it would have to be handled jointly by the State and the Federal sectors. Once it crosses the State line, we would have to become involved in it.

Mr. HAGEDORN. Then you would have the duplication of effort between both State and Federal Government. Is that right?

Dr. HOUSTON. I do not think so. Right now we have cooperative agreements with all the States in the area of compliance activities. Our respective responsibilities are well defined and well spelled out. Because of the excellent record of cooperation we have achieved with the States, I do not think we would see duplication. I think we would see cooperation and enhancement.

Mr. HAGEDORN. One of the things always said about grading standards and inspection standards is that the consumers have confidence in what the USDA is doing and that stamp of approval. I guess the question is this: What impact do you think this could have on the consumer confidence, the quality of products, and the assuredness that they have been processed and packaged in acceptable standards when we might see a multitude of State-identified inspection insignias on meat products that are moving into different States as well as the USDA?

Dr. HOUSTON. There are 27 States now that still have State meat inspection programs. The citizens of those States are purchasing products carrying the State inspection legend as well as products carrying the Federal legend. I would not see the movement of those products across State lines to create any sudden shift or any change in the minds of consumers about the quality of those products. They are being purchased in large amounts already.

The State inspection legend will be maintained on products produced under a particular State's program. Consumers would have the opportunity to make that choice. If they pick up a package of frankfurters and it has a State inspection legend on it, they can see it as well as if it is federally inspected. So there is freedom of choice there.

Mr. HAGEDORN. Dr. Houston, have you ever taken a position on this kind of legislation in the past?

Dr. HOUSTON. I think the Department has testified three or four times on this legislation over the last 10 years. This is the third time I have been here, and I believe the Department has had four different positions on this bill during the last 10 years.

Mr. HAGEDORN. I understand that. I think the agility in which you switch sides on this issue would enable you and entitle you to be a very qualified politician. [Laughter.]

Dr. HOUSTON. I was walking down the street the other day and it came to me like a glow in the night. [Laughter.]

Mr. HAGEDORN. I understand that State-inspected plants presently have the option to convert to Federal inspection, and most State programs have transferred only because of fiscal constraints on the part of State budgets to provide their 50 percent share under the Federal-State cooperative program. Are there substantial costs to the small plants if they are to convert to Federal standards? Is it working a disadvantage now for those States and those plants that have converted to match Federal standards to now find their competition being able to move interstate and not have to meet the same standards that they had imposed upon them because of the State turning the program over to the Federal Government? What about the equity aspects?

Dr. HOUSTON. When a State is designated, that is the result of a unilateral decision usually on the part of the State because of the lack of money. We provide at that time a review of those plants. If

we see any problems that need to be corrected, the plants are given 18 months to put those corrections in place, provided there is not a public health hazard involved, and another 18 months to submit blueprints.

We work very closely with the plants in the State to be sure that they are not adversely impacted because of a unilateral decision. I think you will see that our record is good in that area, that the number of plants that were under State inspection prior to designation in a particular State will usually remain the same number after the Federal involvement. There has not been a problem in that area.

There are always problems of confusion and misunderstanding during the first several months after a State designation occurs. However, after that it usually runs pretty smoothly. I think our record is very good in that area.

When a plant wishes to voluntarily come under Federal inspection, that is a different situation because it is a voluntary move on its part, and the full Federal standards must be met at the time it comes under.

Mr. HAGEDORN. Do I understand you right—and I do not think that I do—that a processor at the State level has to have the same expenditure for equipment that you would if you were operating under Federal law?

Dr. HOUSTON. Generally, yes. In other words both the State and the Federal programs require plants to be kept clean.

Mr. HAGEDORN. How about equipment?

Dr. HOUSTON. There may be some cases where equipment may be different from that which we might approve at a Federal plant, but that again is because of the uniqueness of the situation, the size of the plant, and so forth.

Mr. HAGEDORN. My understanding was that there was a difference and there was an added cost of shifting to Federal inspection. I remember when my own State did it as I recall back in the early 1970's there was a tremendous amount of opposition to going Federal. However, at that time we figured if we have to have the involvement we should just as well let the Feds pay the bill, too. That is the way that decision was made almost a decade ago.

I thank you for your answers, Dr. Houston.

Mr. HARKIN. Thank you very much, Mr. Hagedorn.

Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman, and thank you, Dr. Houston, for your remarks. I have three questions. No. 1, are there any States today that in your opinion do not have standards which are "at least equal to" the Federal standards?

Dr. HOUSTON. No; our recent reviews indicate that they are all meeting the "equal to" provisions of the law.

Mr. GUNDERSON. If this legislation were to pass, what would be the operation of the Department of Agriculture in maintaining or checking to make sure that those States which now were allowed interstate commerce were meeting some kind of equal standards?

Dr. HOUSTON. It would continue as it is currently practiced. We examine a sample of State plants four times a year, once each quarter. On the basis of those reviews we make determinations as to whether the States are meeting the "equal to" provisions of the

law. So I would see that same practice continuing. I would not see any need to change it.

Mr. GUNDERSON. Would you expect it to be intensified at all?

Dr. HOUSTON. No; I do not think it is necessary. I believe the present system gives us an adequate amount of information to make that determination. I do not see any need to increase the cost by making more inspections.

Mr. GUNDERSON. You suggested earlier that 23 States have switched. What is the financial impact on the U.S. Department of Agriculture when States for financial reasons decide to leave the whole burden of inspection upon Federal authorities?

Dr. HOUSTON. It creates a cost for us because we must pick up the 50-percent contribution that the States now make in operating their own programs. There is an appendix to my testimony which lays out the costs associated with the State programs on a State-by-State basis. You could look at those and assume that a State, for example, was contributing \$1 million a year to their program and we were contributing another \$1 million. If that State were designated we would have to pick up that \$1 million that the State was putting into it. So therein lies the increased costs.

That is the reason why we want to keep the States involved, to hold down our own budgetary requests.

Mr. GUNDERSON. Have you made a quick cost analysis of the financial impact if all States decided to give the Federal Government the opportunity and privilege?

Dr. HOUSTON. This year we are contributing \$30.4 million to the total State programs. They are contributing around \$30 million. So it is a total program of around \$60 million. If all the States were to throw in the towel tomorrow, we would have to march over to OMB and ask for another \$30 million.

Mr. GUNDERSON. Thank you.

Mr. HARKIN. As a followup, Dr. Houston, it seems to me that we may be going down a road that will come right back at us here. I just picked up that conversation between you and Congressman Gunderson. Can you envision a scenario whereby we adopt this legislation and then what happens is that many of the present federally inspected processors in a State would opt to go to the State system? So they go to the State system, and the State Governor and legislature look at what an increased cost this is and say that they will just go to a designated State and throw it right back at the Federal Government. Rather than having 23 designated States, we may wind up with 50 designated States and be in a worse situation than we are right now.

The States are pretty strapped. I can speak for Iowa. We do not have any money in that State. I can just see that if they get this thrown at them I know exactly what the legislature might do.

Dr. HOUSTON. That possibility exists, but we hope the provision in this bill that would give the Secretary the discretion to say "No" would prevent that kind of thing from occurring.

Mr. HARKIN. In other words you are saying that this legislation would prohibit a State from becoming a designated State.

Dr. HOUSTON. Oh, no.

Mr. HARKIN. Then how are you going to stop it?

Dr. HOUSTON. I was just following up on your example where you said that a number of current, federally inspected plants might opt to go to State inspection. This bill does require that to occur only on October 1 of each year and only after the Secretary of Agriculture has reviewed the situation to be sure that these kinds of shifts would not have a negative impact on any State budgets. So we would have some control over who went from one system to another.

Mr. HARKIN. I do not understand that then. You would have two plants in a State, one has been State-inspected, and one has been federally inspected. You are now going to allow the State plant to ship interstate. The one that has been shipping interstate that may want to go a State system—you will not let it.

Dr. HOUSTON. That is a possibility under this bill.

Mr. HARKIN. I can see a lot of problems with something like that.

Mr. Volkmer?

Mr. VOLKMER. I would like to just change it around a little bit and make clear your position or opinion. Do you believe that States not now having their own State inspection, such as my State of Missouri, would not opt to go to the State inspection program?

Dr. HOUSTON. I doubt that they would. They would have to go back to the legislature and get money and gear up and hire people. I just do not think that is going to occur.

Mr. VOLKMER. Do you have any idea about how many of the present State-inspected establishments—processors—that are not now selling in interstate commerce desire to sell in interstate commerce? That is the reason for the legislation, is it not?

Dr. HOUSTON. Yes, sir, that is true. However, unfortunately, I cannot answer your question. I could not begin to tell you how many want to get involved. I presume it is quite a few because we have heard that concern being expressed by a number of processors over a number of years. The American Association of Meat Processors is here today. They represent a very large number of plants that are under State inspection, and they may be able to give you a better answer to that question than I can.

Mr. VOLKMER. Would those processors have the opportunity to go under Federal inspection though?

Dr. HOUSTON. If they choose to now, yes. They can apply for and receive Federal inspection in most cases.

Mr. VOLKMER. Yet State inspection and Federal inspection are basically similar.

Dr. HOUSTON. Yes, sir.

Mr. VOLKMER. They have similar physical requirements.

Dr. HOUSTON. Yes, sir.

Mr. VOLKMER. They have similar requirements as far as treatment of waste, et cetera.

Dr. HOUSTON. Yes, sir.

Mr. VOLKMER. I will wait and listen to some of the other witnesses. I have some of the reservations that have been expressed by the gentleman from Wisconsin and the chairman. I will wait for the testimony of the industry associations to find out more about it. Thank you very much.

Mr. HARKIN. Thank you, Mr. Volkmer. Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman. I would like to follow up with Dr. Houston. My curiosity has been peaked somewhat. What would be the benefit of a State having an inspection system under this thing if, as I understand it, a State chooses not to give their 50 percent, and the Federal Government is more or less obligated to pick up the program?

Dr. HOUSTON. Yes, sir.

Mr. SKEEN. Are you saying for instance in your example, if we each are putting \$1 million in, the Federal Government is putting in \$1 million and the State is putting in \$1 million, could not the Federal Government pick up the State's portion of that for a whole lot less than what it costs? Is not it more costly to do this dual inspection system than it is for a single entity to be doing it?

Dr. HOUSTON. Our history in State designations shows that there are some cost savings to be made. Obviously when you have two systems, there are some additional overhead costs. Yes, they are there and there is no doubt. On the other hand, we believe that the benefits of having that State inspection system in operation and dealing with the plants in that State, for the most part small, rural plants dealing with a particular segment of our economy, justifies maintaining that State institution. However, to answer your question, yes. There are some savings that are usually made because of some overhead costs that are no longer necessary following a State designation.

Mr. SKEEN. However, the benefits of having a State system are that you get better coverage to more handling facilities that are handling various classes of meat. So you are getting a better inspection system under the dual system than you are with just the Federal system.

Dr. HOUSTON. We believe so. We think that the States are in a better position to deal with the smaller plants. We think that they are much more accessible. Quite frankly, we are not interested in making the Federal inspection system any larger than it is. We employ 10,000 people today. We cover close to 7,200 plants. Every time we designate a State, we employ more people, add more plants, and our own program gets bigger and bigger and harder and harder to manage.

Mr. SKEEN. Thank you very much, Dr. Houston. Thank you, Mr. Chairman.

Mr. HARKIN. Thank you, Mr. Skeen. Mr. Stenholm?

Mr. STENHOLM. I take it by your testimony and what you just said in answer to the questions that you accept the contention that State-inspected plants are, if not equal to, meeting acceptable standards as far as meat inspection is concerned, compared to Federal plants.

Dr. HOUSTON. Yes, sir, we do.

Mr. STENHOLM. Are there some States whose standards do not yet measure up to this general contention?

Dr. HOUSTON. No; I do not believe so. We have had problems with some States in the past, but I cannot say today that there are any States that show a particular problem.

Mr. STENHOLM. Have there been any documented cases in recent years of food poisoning caused by meat where the poisoning could be attributed directly to lax State standards?

Dr. HOUSTON. None that I am aware of; none that I can recall. I could go back and review our files and submit for the record any cases that have occurred. However, off the top of my head I cannot recall any.

[The information submitted follows:]

In checking with program people, they know of no such incident.

Mr. STENHOLM. I have no further questions at this time, Mr. Chairman.

Mr. HARKIN. Thank you, Mr. Stenholm. Chairman de la Garza?

The CHAIRMAN. Thank you, Mr. Chairman. I am sorry I was not here to hear the testimony of Dr. Houston. I was testifying on a bill of mine in another committee. However, I take it from a quick perusal of your statement that you support the legislation.

Dr. HOUSTON. Yes, sir, we do. We support it very strongly.

The CHAIRMAN. I think that it basically is good legislation. I cannot see why if you have a good inspection system you cannot go into interstate commerce. One question I have is this. On page 3 of the bill you seem to exempt foreign commerce in combination. Why is that?

Dr. HOUSTON. It is designed to prevent some costly administrative problems that would occur. At the present time we recognize about 42 countries around the world as having inspection systems that permit them to bring product to the United States. Those are national inspection systems. If we were to start recognizing provincial systems within those 42 countries—let's just assume that there might be 10 in each country—we are now looking at 420 systems instead of 42. We would prefer to only deal with national inspection systems and not have to get into judging subordinate or provincial systems that might be responsible for inspecting meat that comes to the United States.

Most of our trading partners require the same of us. For that reason we think it is good policy, at least from an export-import standpoint, to maintain the position we now follow.

The CHAIRMAN. That is understandable. If you are going to go foreign it all should be federally inspected. However, if you have a good State inspection system then that can travel in interstate commerce in designated States. Is that correct?

Dr. HOUSTON. In all States.

The CHAIRMAN. In all States.

Dr. HOUSTON. Yes, sir.

The CHAIRMAN. I read here somewhere that you have to designate the State. Is there no prohibition at all? What is it that you would do to a State?

Dr. HOUSTON. The designation provisions of the law would remain intact as they are today, and the Secretary of Agriculture would continue to designate States if they do not operate programs that are "at least equal to" the Federal program. We now operate or have assumed responsibility for meat inspection in 23 States that have been designated; and 27 States still run "equal to" programs today.

In most all cases, that has been because of economic reasons. The Governors or the State legislatures have decided no longer to fund

those programs because they know if they do not the Secretary of Agriculture must by law come in and run an inspection program.

The CHAIRMAN. I appreciate that, and I think basically that you have good legislation. I can relate to my district in that I have very few but nonetheless because they are small slaughterhouses or packinghouses they have not gone Federal. I guess it is because they are so small they are afraid to go Federal with whatever added expense there is. I cannot see why they could not sell their meat which is State-inspected and which is as wholesome as the one next door in interstate commerce if they have the opportunity to do so. I think it would be helpful, and I certainly will do what I can to assist in the support of this legislation.

We thank you for being here.

Dr. HOUSTON. Thank you.

Mr. HARKIN. Thank you, Mr. Chairman. Mr. Stenholm?

Mr. STENHOLM. I have one additional question. If State-inspected meat can travel in interstate commerce, what role then does this leave in the future for federally inspected meat?

Dr. HOUSTON. It means that all meat would be treated the same. Plants operating under either system would have equal access to all domestic markets. Therefore, the fact that State-inspected meat is discriminated against today because it cannot move across State lines would no longer be practiced. There would be increased competition.

Mr. STENHOLM. Between State and Federal inspectors?

Dr. HOUSTON. No, there would be competition between the companies. Especially the State-inspected plants, which would have freer and more access to markets than they have today.

Mr. STENHOLM. Do you envision a continued role for Federal meat inspection, or do you envision, if the State inspection system is adequate, that there will no longer be a need for federally inspected meat, or will there always be a combination of the two?

Dr. HOUSTON. I think there always will be a combination. I do not think the State governments are willing to put up the money that would be necessary to take on large numbers of presently federally inspected plants. Every time a plant would move over to the State sector that is currently under Federal inspection, The State would have to pick up 50 percent of the cost of that inspection. That would cause State budgets to grow, and I believe that would be the controlling factor.

Mr. STENHOLM. Thank you, Mr. Chairman.

Mr. HARKIN. Thank you very much, Mr. Stenholm. Thank you very much, Dr. Houston for being here this morning and for your testimony.

Next we will call on Mrs. A. Joan Dannelley of the American Association of Meat Processors, Elizabethtown, Pa. I understand you are accompanied by Mr. Stephen Krut; Mr. Norvin Kampschroeder, Missouri Association of Meat Processors; Mr. James Macomber, Macomber Meat Processing; Mr. Glen Rager, Rager's Country Butcher Shop; Mr. Dale Turnmire, executive secretary of the Iowa Meat Processors Association; and Mr. Bill Wheat, Cable Meat Center.

Mr. VOLKMER. Mr. Chairman, I would like to welcome Mr. Kampschroeder to the hearing. He is from Washington, Mo., and I just saw him the other day. It is good to see you.

Mr. HARKIN. Welcome to the Subcommittee on Livestock, Dairy, and Poultry. Mrs. Dannelley, if you are going to submit the testimony I will recognize you.

STATEMENT OF A. JOAN DANNELLEY, PROJECT COORDINATOR, AMERICAN ASSOCIATION OF MEAT PROCESSORS, ACCOMPANIED BY STEPHEN F. KRUT, AMERICAN ASSOCIATION OF MEAT PROCESSORS; NORVIN H. KAMPSCHROEDER, MISSOURI ASSOCIATION OF MEAT PROCESSORS; JAMES MACOMBER, MACOMBER MEAT PROCESSING, INC.; GLEN C. RAGER, RAGER'S COUNTRY BUTCHER SHOP; DALE TURNMIRE, EXECUTIVE SECRETARY, IOWA MEAT PROCESSORS ASSOCIATION; AND BILL WHEAT, CABLE MEAT CENTER

Mrs. DANNELLEY. We would like to ask the indulgence of the subcommittee with our statement. We realize it is very lengthy, and we will not read it.

Mr. HARKIN. That is good because I just want you to know that we are going into session in about 10 minutes. Obviously, we are not going to cut it off in 10 minutes, but I just want you to know that we are going to be under some time constraints this morning. How are you going to proceed? Do you want to summarize it?

Mrs. DANNELLEY. We are going to summarize the statement for you. We ask that the entire statement be entered in the record.

Mr. HARKIN. Without objection, a copy of your entire prepared statement will be included in the record.

[The prepared statement of Mrs. Dannelley appears at the conclusion of the hearing.]

Mrs. DANNELLEY. We believe that you are dealing with a very serious issue when you start dealing with changing food safety laws. We are the association which represents the small meat plants who are primarily hurt by this restriction and therefore feel responsibility to you to provide you with the information that will give you the assurance that this change will not reduce the food safety in this country. Therefore, our statement is lengthy.

The gentlemen who are accompanying me are as follows. Clarence Knebel of Belmont, Wis., owns Knebel's Processing Plant. Knebel's slaughters approximately 70 animals a week. They cut, wrap, freeze, cure, and smoke meats, and produce approximately 70 different sausage products under State inspection.

Dale Turnmire owns Dale's Fine Meats in Cresco, Iowa, represents the Iowa Meat Processors Association, and runs two businesses—Dale's Fine Meats and Puritan Ice Cream Co., family-owned businesses that have been handed down through their family.

Bill Wheat from Marlow, Okla., owns Cable Meat Center. They also slaughter. They are located very close to their State lines. They process meat, provide a variety of sausage products, and are primarily involved in the hotel-restaurant institution trade.

Mr. Macomber owns Macomber Meat Processing Plant in Kansas along with two other businesses operating out of the same building.

Mr. Kampschroeder represents the State of Missouri, and he has a federally inspected plant. They produce a wide variety of sausage products in that plant.

Glen Rager is a small businessman owning Rager's Country Butcher Shop and is also involved in farming in Ohio.

AAMP's membership includes over 1,400 independent, family-owned meat businesses located throughout the United States and Canada. We have attached a summary of the types of membership that we represent and the types of plants we represent. AAMP supports passage of this legislation because we believe that the State programs are doing their job in providing wholesome supplies of meat to consumers and that they have their place alongside the Federal program.

We have outlined here various reasons and arguments that we have come across in dealing with this legislation. We are going to deal verbally only with several of them. Primary is the argument of whether State inspection programs are indeed equal to. Are they meeting the Federal standards? In our dealings with not only our own members in these State-inspected plants and these State-inspected States, but also with officials of both State and Federal programs, we believe they have met that responsibility. We believe these 27 States are meeting their responsibility to their citizens in providing wholesome supplies of meat.

These State programs are reviewed on a quarterly basis by the Federal program. The Federal program moves very quickly in reviewing any problems that they see.

The problem of applying for Federal inspection has been a very major issue for our small meat plants. The keyword in the argument here is easily apply for Federal inspection. It just is not that easy. The plants operating under State meat inspection generally are satisfied with the position they are in, mostly because they can deal with their State officials. They are close to their State officials. They do not have a tremendous chain of command to go through to get an answer if their plant gets closed down or they get a piece of equipment tagged, and they do not feel it is a fair decision on the part of the inspector. They can pick up a phone and get the head of that State program or reach the State offices and get an answer.

If you look on page 4 of our statement there is a brief summary there showing the bureaucracies that are involved, comparing the State and the Federal. We do not down the Federal for the bureaucracy. They are involved in a tremendous amount of other activities with direct meat inspection. They develop regulations. They provide laboratory facilities. They are involved in international commerce. They need the structure they have, but it is a very, very difficult structure and very hard bureaucracy for small businesses to deal with. If you talk with even the people who are already in that bureaucracy, it is the one thing that they fear most, dealing with that bureaucracy.

The second problem that they have is this: When they voluntarily apply for Federal inspection, they are automatically faced with facility changes which can run into the thousands. These facility deficiencies are permitted in the State inspection programs. They are permitted if the entire State is designated. They are not per-

mitted if an individual plant decides to apply for inspection. The problem resulted when the act itself was passed. The plants were built according to generally accepted industry standards. The deficiencies that exist do not affect their ability to produce a wholesome product. There are primary problems such as rail heights not being high enough. In order to raise them you usually have to tear the roof and raise the roof.

To solve the problem the State programs permit them to handle quarters instead of sides. The meat does not touch the floor. There are problems with inspectors' facilities. In an existing plant operating in a nondesignated State, they are allowed to provide him with a locked desk, a locked file cabinet. There are certain times that he has private use of toilet facilities. As soon as that plant applies for Federal inspection on their own, all those changes have to be made.

It simply is not easy. There is a tremendous amount of paperwork involved. The blueprints have to be filed, all the labels. You take a situation such as Mr. Knebel is in. He produces over 70 types of sausages alone. Right there are 70 labels he has to run through a Washington office when he is half way across the country. That does not include all the labels he has to have for all his fresh meat products. He probably would have to have over 100 labels approved. That probably would have to take a label runner from here in Washington, D.C., to hand-carry them for him, again an expense most of these small plants cannot afford.

We will deal slightly with the farm program. We think it is one of the biggest incongruities in the Wholesome Meat Act. That meat is not receiving the type of intense inspection that most of our members are getting. Yet it comes into this country. It moves through both Federal and State plants, and there are no problems. We have State plants here which are being inspected on a continuous basis by inspectors who are very often trained in Federal facilities in Texas. Yet their markets are restricted.

We think it is an incongruity that needs to be corrected. As Dr. Houston pointed out we do not see any problem with consumer confidence in those 27 States. You do not hear of somebody living in California eating Federal meat, moving to Texas and screaming that they will not eat the meat because it does not have a Federal seal on it. As a matter of fact by the time the meat reaches a retail case, that Federal seal or that State seal—the grading seal—has been trimmed off. Retail stores are not under inspection, and there is no inspection seal showing. So you have no problem with duplicate seals. You have no problem with consumers even knowing who is inspecting it.

One of the other issues that we would like to touch on briefly here, and I am going to have Mr. Knebel do it, is livestock prices and their relationship with their local producers. He has what we consider to be some very interesting figures on his particular situation, and with your permission, we would like Mr. Knebel to give some of that to you.

Mr. HARKIN. Please proceed, Mr. Knebel.

**STATEMENT OF CLARENCE W. KNEBEL, PRESIDENT, KNEBEL'S
PROCESSING PLANT, INC., BELMONT, WIS.**

Mr. KNEBEL. I am Clarence Knebel, and I am owner of Knebel's Processing Plant of Belmont, Wis. Belmont is in the southwest corner of Wisconsin, 20 miles from the Illinois line and 30 miles from Dubuque, Iowa. Dubuque has a population of 60,000. Knebel's Processing buys 70 percent of their total meat product from local producers. Thirty percent of it is bought from the Federal plants. Most of this is boneless beef and pork. A premium is paid for carcasses of both beef and pork.

Over the past 2 months an average premium amounted to 2 cents per pound over the "Yellow Sheet." On a 700-pound carcass of beef this amounts to \$14 per head paid to the producer. A Belmont hauler trucks 80 percent of his livestock to Green Bay, Wis., a distance of 210 miles. His charge is 90 cents per hundredweight at a cost of the live animal at \$9.90 for the hauling fee for an 1,100-pound animal. This amounts to what would be a cost of \$11.31 on a 700-pound carcass.

Most producers have a farm truck and are able to truck their own livestock in smaller amounts. Figuring 10-cents-per-pound hundredweight cost of his own truck, the cost would be \$1.10 for the 1,100-pound animal, \$8.80 less than one trucking it a greater distance.

Knebel's Processing paying \$2 per hundredweight over the "Yellow Sheet," the premium on the 700-pound carcass is \$14, an \$8.80 saving on using his own truck, leaving \$22.80 per animal gain in selling to our plant. Therefore, the producer selling 500 cattle averaging 700-pound carcass at a gain of \$22.80 gains annually a total of \$11,400. I am talking about 500 cattle, and we have a lot of small farms that run from 10 to 30 to 50. They, too, would be included as they would receive their premiums, and they could haul their own animals in. These farmers are being left out alone. The large packer does not want anything but trailer lots. If you do not have a trailer load—and I think Dale Turnmire will probably mention this too, as he is in the same situation—they just will not talk to you. You have to pool it and get a trailer lot because who is going to haul amounts say 200 miles?

Knebel's uses the same system in buying hogs. An average premium of \$2.65 per hundred was paid over the past 2 months on a 165-pound carcass. The producer received a premium of \$4.37 per hog on 1,000 hogs. Many of them who get in the hog situation now have 1,000 hogs. Some are smaller. We buy from any size producer. Premiums amounted to \$4,370 minus a small delivery cost, much less delivery cost than the major pack but possibly more than 150 miles away. In fact we have some buyers in our area who are going as much as 400 miles with their hogs.

Knebel's Processing has the finest farm sausage and more lean smoked specialties and are wanted in other States, naturally being so close to Iowa and Illinois. Knebel's received the President's Trophy in the State of Wisconsin products show. Their boneless ham, cured and smoked, was the best product of 571 entries. At the American Association of Meat Processors, Knebel's received the

Grand Champion on cooked summer sausage. This certainly proves that we do have quality product.

I know there has been talk about product control, do you have it? Do we have it? How can we win these kinds of awards if we do not have product control?

Knebel's Processing feels the producer and consumer are the losers by not being allowed to have State-inspected meats which are equal to federally inspected across State lines. Iowa and Illinois consumers are even driving to Knebel's Processing seeking this quality product.

Unemployment in our area is 10 percent in the southwestern corner of the State. If the small plants were allowed to ship products across State lines, it certainly would alleviate some of the unemployment situation and increase tax dollars. As an active member of the American Association of Meat Processors, I am sure that most all plants are in the same situation as Knebel's Processing in Belmont.

I have one other item to add, if you do not mind. Congressman Gunderson did speak of Equity Livestock, whose 56,000 members and 700 directors voted unanimously to support us. I would mention a few more who are supporting us. There are Wisconsin Livestock Breeders Association, Wisconsin Central Livestock Exchange, Wisconsin Farm Bureau, Wisconsin Beef Council, Wisconsin Pork Producers, Wisconsin Cattlemen's Association, Wisconsin Cowbells, Wisconsin Porkettes, and also our secretary of agriculture in the State.

I thank you.

Mr. HARKIN. Thank you, Mr. Knebel. Without objection, a copy of your prepared statement will be inserted in the record.

[The prepared statement of Mr. Knebel appears at the conclusion of the hearing.]

Mrs. DANNELLEY. In conclusion, Mr. Chairman, the last point that we think needs to be directly addressed here is the problem of trace and recall. If State-inspected meat is permitted to go interstate and later turns out to be adulterated, how do we get it back? As a matter of fact, right now all of the States now operate separate compliance divisions. Florida was the last one to implement theirs, and they did have one before, but it was part of their general inspection agency.

These programs now are cooperating with the Federal Government in tracing and recalling federally inspected product. In particular the most flagrant case recently was the kangaroo and horse-meat from Australia. All 27 State-inspected programs were involved in finding and detaining that product and returning it to the Federal Government. It was a job that the Federal Government felt was better handled on a cooperative basis.

Passage of this bill is not going to change that. It probably will give the Department more of an opportunity to cooperate with these State compliance programs.

In summation we feel that the Federal program has its place in inspecting large plants, dealing with international commerce, providing guidance and assistance to the States, overseeing the entire system. We also feel that the State inspection programs have their place alongside the Federal Government. It is our experience that,

by and large, small meat plants function more efficiently and economically under State meat inspection. We believe that both systems need to be recognized as being equal, and it is time to have them working together, which they have been doing successfully now since 1968.

We appreciate the opportunity to be here. All of the people on this panel, with the exception of Mr. Krut and myself, are small businessmen. We will be more than willing to answer any questions you have.

Mr. HARKIN. Thank you very much. I would ask if any other members have anything on their minds that they would like to say?

**STATEMENT OF DALE A. TURNMIRE, EXECUTIVE SECRETARY,
IOWA MEAT PROCESSORS ASSOCIATION**

Mr. TURNMIRE. I have a comment. I am Dale Turnmire with the Iowa Meat Processors Association. I left a position paper in the office yesterday in order for it to be distributed today.

Mr. HARKIN. Without objection, I am inserting the Iowa Meat Processors Association position paper in the record.

[The paper referred to appears at the conclusion of the hearing.]

Mr. TURNMIRE. I would like to state just one more thing about interstate and intrastate commerce. I live in a plant about 15 miles from the border. I am sure Mr. Harkin is aware of the city of Waterloo. Even though I would choose to try to develop my business on the intrastate level, I am severely limited because many of the distributors within the State of Iowa do cross State lines. For example, Martin Bros. Distributing Co., out of Waterloo, Iowa, would love to handle my product. They would love to sell it. They would sell it strictly within the boundaries of the State of Iowa, not soliciting business across State lines in the Federal lines.

However, when they send their route trucks out, and they are only 30 miles from the line, their trucks crisscross back and forth across the State line into Minnesota. Even though they would not sell the product in Minnesota, they are in violation of the Interstate Meat Act by having that meat on their trucks while they are going across the State line. As a result there is no way that they are going to handle my product and take it off and put it back on and take it off and put it back on and so on. This is an incongruity. Even though they said they would not sell it, it is not going in interstate commerce. However, as long as it is on the truck it is considered in interstate commerce by that particular point.

Mr. HAGEDORN. Would you explain why you prefer the State inspection to getting Federal inspection and then being able to do exactly what you would like to do?

Mr. TURNMIRE. This has been addressed by Mrs. Dannelley, but I could elaborate on it a little bit. No. 1 is the bureaucracy. When you have 70 labels that you want to get OK'd—and we have a labeling person by the way in the Iowa Department of Agriculture who does nothing more than approves labels. It is easy to get to Des Moines. It is easy to have them approved. We can go down there, and we are dealing with one particular person. If you look in the meat magazines you will find out that in order to get a label

expedited under the Federal system there are companies that actually do this because they have a direct line to the USDA whereas the individual does not.

Second is the physical facilities. My plant was erected in 1936, approximately. If I individually wanted to go into the Federal meat inspection, I would have to come up to the requirements of Handbook 570, which is a new one and which is a continual improvement of the plants. Within my plant I do not have any pieces of equipment which are not USDA approved. Any cleaning materials or products that are used there have to be USDA approved because our law is exactly the same as the one that is on the Federal books. We are required to meet those specifications.

However, I am in a situation where maybe my doors are not 4 feet wide. They are only 3 feet and 6 inches wide. We have to be a little more careful about putting product in there. I am on a quarter system as it is impossible for me to raise the roof.

The incongruity of the whole act is that, if tomorrow the State of Iowa were to say that they no longer want the State meat inspection system, I would be allowed to operate under the "Small Facilities Existing Equipment Handbook" and would be taken into the Federal system without having to raise my rails, widen my doors, and so on. I would be given 3 years in order to submit blueprints. If I wanted to go Federal I would be better off to go down to the Governor and lobby and said that it all should be turned over to the Federal Government. This is because I am going to be given special consideration by doing so.

However, I would not want to do that. I prefer to deal with the Secretary of Agriculture in the State of Iowa.

Mr. HAGEDORN. It is strictly the bureaucracy. You have exactly the same equipment.

Mr. TURNMIRE. I have the same equipment. I do not have the same facilities. I am not saying that I have the same facilities because I do not have my rail heights up to the standards of Handbook 570. I quarter my particular quarters and so on. It is not a matter of producing a wholesome product because I have been reviewed by the Federal Government. I have been in that. I have had the Federal review of my plant. I am meeting the standards. I would have to tear it down. There are Federal plants in existence today with some of these shortcomings too. The law or the Department says that is OK, that operation is allowed of that facility as long as no physical changes are made. When it is decided that physical changes should be made, then the physical change has to be made in accordance with Handbook 570.

However, to come under the system brand new even though I am existing, I have to have the new facility. That just is not economically feasible. That is part of it. Also there is the fact that I am a single, sole proprietor. I am the manager. I am the buyer. I am the advertising manager. I am the promotional specialist. I am the equipment man. I am the whole works, and I cannot spend my time running into Washington, D.C., to get my blueprints OK'd, to get my labels OK'd. This is a physical impossibility for a small company of my particular size. It is an economic impossibility at that particular time.

If the State gets designated it is a different ball game. I have pride in my product. I think every State has pride. You have systems, you have programs which are being operated under this way. The milk that is marketed across the United States today is being marketed by this type of a system, State-administered inspection systems, and they are shipping milk all over the United States. I do not see that we are any different than that.

Mr. HAGEDORN. What about the equity argument between those people who have gone on to Federal inspection over the past 7 or 8 years versus those people who have not and now would be allowed to go interstate as well.

Mr. TURNMIRE. If you would take the numbers that have gone under the Federal system voluntarily, they would be very small. Those that have gone under the system by designation are quite large. Pennsylvania has a large number of meat processors. Minnesota has a large number of meat processors. Those went under designation.

However, the only individuals who are going under the Federal program today are people who have built their plants within the past 10 years. That is the majority of the plants that are going under. They are building under the new codes. If I were building a new plant today I would be crazy. There are a lot of reasons why I should use Handbook 570 because there are some very good things in there, very good economic things, very good operational things. However, to tear down a facility just to be Federal blows my mind.

Mr. HAGEDORN. Thank you.

Mr. HARKIN. It almost seems like there is a dichotomy here. How can a State inspection system be equal to? I understand that you are going to say that the answer is it is not identical to but it is equal to if in fact all these changes have to be made. Again, I wonder about the advisability of going to a system that might promote in effect an entirely Federal system. I do not know if you heard my statement to Dr. Houston. You are from Iowa, Mr. Turnmire. So am I. Do you know what kind of situation our State budget is in? We are busted in Iowa. We are broke, zero, zilch.

Mr. TURNMIRE. I agree.

Mr. HARKIN. We all know that. What happens if we go to this system, turn it all over to the State inspectors, and Secretary Lounsberry says to the legislature that we need x number more inspectors and that we need a few million more dollars. The Iowa Legislature comes in next year and says that they do not have that kind of money. Whoever the new Governor may be will say that there is a solution to this, and that is to turn it over to the Federal Government.

Mr. TURNMIRE. That is the situation you are in now, Congressman Harkin. You are presently in that situation.

Mr. HARKIN. No; we are not in that situation presently because this bill is not law. I am just saying if this bill becomes law what will happen then is that it could provoke a situation whereby all of the States will then turn it over to the Federal Government. In that way we have an absolute, total Federal system.

Mr. TURNMIRE. You are more likely to have that happen under the present situation than you are under the situation that is being proposed because of the fact that we have all these people who are

having a limited market where they can take their product. With the reputation that we have in my association, if my board of directors would take the position tomorrow that it is the best thing that could happen to us, that we would be in interstate commerce, I could get the Secretary of Agriculture to drop it like that. It would not take me 2 minutes to drop the State meat inspection program. This is because of the fact that they do not want to budget the money that they are budgeting at the present time.

Mr. HARKIN. Who doesn't?

Mr. TURNMIRE. The Department of Agriculture in the State of Iowa. We have to lobby for those budgets. We have to lobby for that money. There is no doubt about that.

Mr. HARKIN. With this kind of bill, how many more plants in Iowa are you talking about?

Mr. TURNMIRE. We would not be talking about that. Who are you going to add to the system, Congressman? Are you going to add Rath Packing to the system? No. The Secretary of Agriculture is not going to allow Rath Packing. That is part of their baileywick right now. The system says that once every October they can change over to Federal. It does not say that they can do so immediately.

If Rath applied to Secretary of Agriculture Lounsberry and he said that it is not in the budget, that they are presently under the inspection service of the Federal Government, that they are being handled adequately, that they do not want them, that would be the end of it.

Mr. HARKIN. I have a letter that was sent to me by Congressman Smith from Iowa, who as you know is someone who has been involved and was the main author of the Wholesome Meat Act of 1967, although he is not on this committee.

Congressman Smith made a point in the letter that he sent to my subcommittee last year. I will read one paragraph for you. He said:

Some State-inspected plants at a given time may not do as well as federally inspected plants in preventing adulteration. Deficiencies also occur at federally inspected plants from time to time and are ordered by the Federal Meat Inspection Service to be corrected. However, a compliance program survey of State-inspected plants by the Food and Safety Quality Service, the forerunner of FSIS, of USDA in June 1980 found that in late 1979, while the situation with respect to State inspection programs was much improved over the time when the Wholesome Meat Act was passed, there were serious problems in maintaining effective programs in a limited number of States.

The survey assigned the State-inspected plants to categories numbered one through four with one being worst and four being the best. Iowa showed a very low percentage of State-inspected plants surveyed falling in the lowest category, but some States showed from a third to as high as 60 percent of the plants surveyed to be in category one.

Therein lies a problem. We are asked to pass national legislation addressing a national scope. Where even the Department of Agriculture says that as late as 1979 in some States as high as 60 percent of the plants in a State under a State inspection system fall under category 1, which they claim to be the worst category, what I am fearful of is that if we go to a system such as envisioned in this bill and one State—it may not be Iowa or Texas or Missouri or

Wisconsin or Minnesota or any State represented here, but it may be some State that is in one of these lower categories—ships a product interstate found to be adulterated, who knows what may come up. It will hit the newspapers. Then the whole confidence of the consuming public is affected by this.

That is one fear that I am sure all of you share the same as I do. What happens then because of one plant in one State that does something like this?

Mr. TURNMIRE. I would hope that the Congressmen would take a look at who is responsible for the Wholesome Meat Act as it is now presented, whether or not it is a problem of the States or the Federal Government. Whether a business is under inspection or not, be it a retail establishment which are exempted under the Wholesome Meat Act, it is still the responsibility of the Federal compliance officers to see that unadulterated meat does not go into the marketplace. It is not the responsibility of the States ultimately. It is still the responsibility of the Federal Government.

I will also tell you that within the State of Iowa we have had as high as four, but with budget constraints we are now down to three State compliance officers. We only have one Federal compliance officer in the State of Iowa. In Minnesota, South Dakota, and North Dakota you have one compliance officer for three States. Therefore, I would say that, No. 1, the States have added and have taken on compliance when it really is not their ultimate responsibility. I would refer to the report that you have talked about. I cannot do any quick mathematics right here and now, but I would say Congressman Smith saying that one State having 60 percent under No. 4, I cannot see that. I will say that probably the maximum was 30 percent.

Mr. HARKIN. Look at Arizona. It is 60 percent.

Mr. TURNMIRE. Arizona had 13 plants expected. They had three No. 1's. Sixty percent of 13 is 7.

Mr. HARKIN. Excuse me, Mr. Turnmire. I do not know what you are looking at. I have State survey review results, and I have Arizona—

Mr. TURNMIRE. Excuse me. I was looking at Alabama. You are right. Sixty percent of 11 is 6; we have 5 there. This is a review that had been done continuously on the Federal level. In the instance of the States this is the first time that this had ever been done. We have never had the chance for re-review. You are comparing initial review of State programs for the first time with re-review of Federal programs over a period of many years.

I think that given an opportunity to correct some of the deficiencies probably the next review will look much better.

Mr. HARKIN. Thank you very much. My time is up. Mr. Gunderson?

Mr. GUNDERSON. I have no questions.

Mr. HARKIN. Mr. Volkmer?

Mr. VOLKMER. I want to clarify one point. This legislation, if enacted, would have no affect on those States presently not having State inspection. Does everybody agree with that?

Mrs. DANNELLEY. You could not say it would have no effect because, as Mr. Kampschroeder can point out, they have plants located on borders of Illinois, Kansas, Iowa.

Mr. VOLKMER. There are about eight States that border Missouri.

Mrs. DANNELLEY. Those Missouri Federal plants cannot buy products from those State-inspected plants.

Mr. VOLKMER. What you are saying is that Missouri plants cannot buy meat processed from Illinois, Arkansas, and bordering States.

Mrs. DANNELLEY. Illinois, yes. Arkansas is Federal. That is true. If they are bordering a State-inspected State, they cannot buy products from the States unless it is a Federal plant. So, yes, the federally inspected plants also have an interest in this.

Mr. VOLKMER. Mr. Kampschroeder, explain to me how that would affect you? I want to understand that. Let's take my hometown of Hannibal, Mo., which is right on the Mississippi, or Cape Girardeau or any of those other cities.

Mr. KAMPSCHROEDER. I polled some of our members close to State borders, and they feel that it would not have any great economic impact on their businesses, in other words inflow of meat from States into Missouri. Is that what you want to know?

Mr. VOLKMER. Yes.

Mr. KAMPSCHROEDER. They all added that from a fair play standpoint the law is ambiguous and discriminatory. One said that we should have some democracy instead of hypocrisy. The impact of this law on Missouri would not be great either way. However, it is a restriction for some of our plants near the State border to buy products which they may need right across the river from Cape Girardeau or Hannibal or Quincy.

Mr. VOLKMER. I have not surveyed some of my processors. I think I will do that because I want to personally see how they feel about it.

The other question I have is this. You are relying completely on the Secretary of Agriculture to make sure that those presently in States which have a State inspection and Federal inspection program will not be a change from those who are presently under Federal to go under State. Is that correct? The October 1 provision has to be approved by the U.S. Secretary of Agriculture.

Mrs. DANNELLEY. It is my understanding from reading the bill that if a plant wants to shift either direction it can only be done by a concurrence between both the State secretary of agriculture and the Federal Secretary of Agriculture. So if the States did not have the funds to take those plants, they do not necessarily have to take them back.

Mr. VOLKMER. Let me read what is in the bill and maybe we can correct this. It says:

The operator of any establishment that is operating any time under Federal or State inspection who wishes to transfer to State or Federal inspection respectively, may do so only on October 1 of any year, after having given notice to both inspection agencies at least 6 months in advance of that date of intent to do so, and only if the Secretary—that is the Secretary of Agriculture of the United States—determines that such transfer will effectuate the purposes set forth in section 2 of this act, or will not adversely affect the stability of total State and Federal inspection systems.

It does not say anything about the State secretary of agriculture.

Mrs. DANNELLEY. I stand corrected on that.

Mr. VOLKMER. Would you like to have that included also? In other words if it is from Federal to State, would you want your State department of agriculture involved?

Mrs. DANNELLEY. I do not believe that there would be a necessity to change the bill. I think it is going to be a matter of the Secretary of Agriculture who, as a matter of practice and courtesy, now consults with the State secretaries when changes like this are being made. It would be a matter of courtesy.

Mr. VOLKMER. That is what I am asking. You then are satisfied with the language that is in the bill?

Mrs. DANNELLEY. Yes, we are.

Mr. VOLKMER. I have no further questions.

Mr. HARKIN. Thank you very much. Does anyone else have anything they want to add? Mr. Wheat?

**STATEMENT OF BILL WHEAT, CABLE MEAT CENTER, MARLOW,
OKLA.**

Mr. WHEAT. Mr. Chairman, I would like to say a few things. In Oklahoma where I come from, southwestern Oklahoma, our communities are very small, bordering the river between Oklahoma and Texas. We run into a lot of trouble with a little community being close to the river of maybe 500 to 1,000 people. They have a school that might use 30 to 40 pounds of ground beef. They might have one restaurant that will use 50 to 75 dollars' worth of meat.

We cannot go down to the river—maybe a 20-mile trip down and back—to make this small delivery and come back out on all these little inroads in our sparsely populated area. If we could make circles to deliver in a 70- or 80-mile radius of our plant on the border, we are emptied by the river on the south, and taking in the whole circle we are being able to deliver to half the people that we could from an economic standpoint plus the fact that the people in these small communities are not being serviced because people from Texas cannot come over and we cannot go over on the Texas side. It is a great hardship to those people.

Mr. HARKIN. I guess those are the two things with which I have some empathy with you in terms of this legislation. One is what Mr. Turnmire was talking about. I have visited some of these plants in my own district. In terms of moving the rails, the boxes, the doors, I have seen some of that. That is nitpicking. I would think that in those kinds of things there should be some kind of exemptions or something like that because it really has nothing to do with the quality of the meat at all.

The other one is what you say. You are right on the border, and let's face it. A State line is an arbitrary thing. You do not know when you leave Iowa and go into Missouri from my district, for example, and I have a lot of farms on both sides. I have some towns split almost right down the middle. If you take a small plant that is on a border like that it is a kind of artificial barrier to their normal service area where people buy from them for small amounts and that kind of thing.

That seems to be the big problem I see with this. Most of the letters I receive from small processors are from those located in those border regions who have that problem. I am wondering if rather

than perhaps—and again this is my own judgment call—opening a Pandora's box with something like this that there may not be another way to address those two kinds of problems, one where a small plant certainly does meet all of the requirements of producing a wholesome, unadulterated, good product but, because of the age of the plant and that kind of thing, would find it very difficult financially to move into a Federal system.

Second is a plant that again meets all of those criteria but is located on a border region and its normal purchasing area is very limited because of an artificial boundary, that is a State line. I think some more thought has to be given as to whether or not there might be something addressed to those rather than going to a broad base thing like this.

Mr. WHEAT. Another thing I would like to add, Mr. Chairman, is this. If I want to come up with a new product—we all need to come up with new products and new concepts—if I am under my State program I can develop this product. I can get it labeled and approved. I can test market it, and if it does not work it has not ruined me.

However, under the Federal system—and I do not mean anything against it—by the time I get it approved over a 3- to 6-month period of time, I have spent too much money to try to develop a new product. We have a need for both programs. I really think the only thing that we are asking for is to give us an opportunity to sell our product in a larger market area. We are little people. This is something that has not been brought out. We are the little people. We have the large Federal plants, and they do not want to come back to a State program. I visited with a fellow in Wichita Falls. He is 60 miles from me. He does about \$40 million gross. He is a Federal plant. Last Friday was his last day. He talked with me for 4 or 5 hours, and he gave me some do's and don'ts. The biggest don't he gave me was not to go Federal on account of my being smaller than him.

He was just telling me the things that ruin a 65-year old company. It was not all the Federal inspection. It was an old plant. He was trying to keep up with the current market through an old plant. So we are asking to be allowed to stay little and to remain State and to be able to market our product. This is because we are not going to get out of our circles. I do not want to go out of my circle, but I would like to step down in my neighboring State in my circle.

Thank you.

Mr. HARKIN. Thank you very much. My time is running out. Mr. Rager?

STATEMENT OF GLEN RAGER, RAGER'S COUNTRY BUTCHER SHOP, VAN WERT, OHIO

Mr. RAGER. Mr. Chairman, the only thing I want to bring up is that I am also 15 miles from the Indiana line. Our circle is about 50 miles around us, but it is cut off at that 15 miles. We could reach into an area of about 300,000 people in Fort Wayne, Ind. This is not a big problem to us. We do not mean to go in with a large product of sales and so forth, but it would be enormously good for

us on canned beef. We sell canned beef, and just one item is all we really are interested in—going across a State line with that canned beef.

No one else hardly has it around that area. It is a real good product of which we sell about 60,000 cans a year.

Another thing is why don't we go Federal? We did apply. We built a new plant 10 years ago, and we went on Federal standards as we did this whole process because we thought that some day we might go Federal. I spent \$2,000 with an architect to go over our plant and to check it out. The thing is that they wanted over \$50,000 to change our plant they way they wanted it to go Federal. The only thing that really was important to them was that we have better facilities for the inspector, a better restroom, a better restroom for the employees, more lockers, and so forth. Almost all that money would be applied to something that was not essential to our food product. It was all in the restroom facilities practically.

Thank you.

Mr. HARKIN. Thank you all very much for coming. Thank you for your testimony.

We now will call our next witnesses. I will call the following people—Mr. Gary Kushner, American Meat Institute, Arlington, Va.; Ms. Kerri Ridenour, National Broiler Council, Washington, D.C.; Mr. Lee Campbell, Poultry & Egg Institute of America, Arlington. If you all would come up and appear as a panel, I certainly would appreciate it.

Mr. Kushner, why don't we start with you?

STATEMENT OF GARY JAY KUSHNER, VICE PRESIDENT AND GENERAL COUNSEL, AMERICAN MEAT INSTITUTE, ARLINGTON, VA.

Mr. KUSHNER. My name is Gary Jay Kushner, and I am vice president and general counsel of the American Meat Institute [AMI]. AMI is a national trade association representing approximately 325 meatpackers and processors and 600 associated companies throughout the country. Mr. Chairman, it is my pleasure to be here this morning.

AMI opposes legislation such as H.R. 5268 which would permit the interstate shipment of meat which has not been subjected to Federal inspection. Plants currently operating under State inspection have the option of converting to Federal inspection and gaining access to national markets, making this bill unnecessary. The bill would erode the uniformity symbolized by the Federal system, and both the Federal and State governments would suffer the burdens and costs of duplicative efforts.

In 1970, Congress enacted the Federal Meat Inspection Act [FMIA] to establish a uniform system of Federal inspection for the meat packing industry. As a result meat products entering into interstate commerce are regulated by a uniform set of national standards in order to guarantee consumers that the meat products they purchase are consistently wholesome and unadulterated. This Federal program and the mark of Federal inspection has become a symbol of product uniformity and wholesomeness that has served to enhance a high degree of public confidence in the Nation's meat supply.

While the Federal Meat Inspection Act has always provided a uniform guarantee of wholesomeness for meat products moving in interstate commerce, for the 60 years following its enactment, individual States were solely responsible for monitoring meat products moving strictly within State boundaries. Wide discrepancies in the effectiveness of these programs pointed to a serious need for the creation of a standard of wholesomeness similar to the one utilized by the Federal program.

With the passage of the Wholesome Meat Act of 1967, Federal financial and technical assistance was provided to establish a cooperative Federal-State inspection program which assisted the States in strengthening and improving their meat inspection programs. This effort to extend the Federal standard of wholesomeness to meat products moving in intrastate commerce constructed a framework for protecting consumers of all meat products, regardless of where the meat originated.

The meat industry and consumers alike applauded these efforts to protect the integrity of the meat supply. The advancements resulting from passage of the 1967 act would likely be eroded by passage of H.R. 5268.

State programs have continued to exist because they effectively meet the needs of local packers and processors serving intrastate markets. AMI fully supports the concept and operation of a cooperative, coordinated Federal-State inspection program.

Both experience and congressional intent clearly illustrate, however, that each State program has been designed to serve a specific purpose. The Federal inspection program is designed to guarantee both a standard of wholesomeness and strict product uniformity. Every plant participating in the Federal inspection program meets the same uniform requirements for construction, sanitation, labeling, inspection, and processing. The confidence which consumers have in the meat they purchase and in the meat industry generally is dependent upon national uniformity in the requirements of and approach to meat inspection.

In testimony before the Senate Agriculture Subcommittee on agricultural research and general legislation in 1979, USDA's Dr. Donald Houston made this point quite effectively when he stated:

* * * the Federal inspection system was designed to provide uniformity and confidence for consumers in the safety of the meat supplied. The mark of Federal inspection assures consumers that meat has been examined by inspectors who enforce the same standards nationwide, and that has been slaughtered and processed in plants that must adhere to the same national standards.

Opening interstate markets to meat products which have not been federally inspected and which carry a multitude of separate inspection labels would erode the assurance of uniformity provided under the current inspection system and create confusion and distrust among purchasers of our products.

Mr. Chairman, I respectfully contend that this present system operates effectively in its current form and there is no need for passage of this legislation. The bill is designed to provide market access for products where access already exists within the present system. Any plant operator who wishes to ship products in interstate commerce has the option of applying for Federal inspection.

Some may argue that conversion to Federal inspection is too costly or burdensome. To the contrary, in USDA's testimony in 1979, Dr. Houston stated, "We have found that most plants, even the smallest, can meet Federal inspection requirements without undue cost or effort."

In fact the Federal inspection is more efficient and cost effective than State inspection. An economic assessment of the cost of Federal and State red meat inspection in 1981 demonstrates that the Federal inspection program spends approximately \$5 for every \$1 spent by State inspection programs but inspects 20 pounds of product for every 1 pound of product inspected under State programs. Federal inspection is, thus, four times more efficient than State inspection. In dollar terms this cost efficiency would have amounted in 1981 to a savings of \$47 million if State inspection programs had operated at the same level of efficiency as the Federal inspection program.

Finally, this bill would result in increased enforcement burdens for the Federal and State governments as well as a diffusion of responsibility between them. Under current practice USDA's role in State inspection is limited primarily to the evaluation of State programs to insure their adequacy. The Department does not become involved in the actual inspection process nor does it even review all of the inspection procedures in all State plants.

If the plants were permitted to ship products in interstate commerce, Federal involvement would increase significantly. USDA's new responsibilities and costs would include those related to expanded monitoring and enforcement activities. Inasmuch as State-inspected products would now be in the Federal domain, USDA would find itself duplicating the work for which the States are now and would continue to be responsible. The potential for conflict between Federal and State agencies as a result of such duplication would be profound.

Congress intended to create a dual inspection system which would operate in a coordinated manner to produce wholesome meat products for movement in interstate and intrastate commerce. The two programs fulfill separate and distinct functions that would best serve the meat industry and the consuming public by continuing to operate in their current manner.

We urge this subcommittee to abandon this proposal. It would erode the assurance of the uniformity of meat products, increase reliance on less efficient and, therefore, more costly State programs, and lead to duplication between Federal and State agencies, all to the ultimate detriment of consumers, the government agencies, and the industry alike.

Thank you very much for your attention and consideration and for giving me this opportunity to present our views.

Mr. VOLKMER [acting chairman]. Thank you very much, Mr. Kushner.

Ms. Ridenour?

STATEMENT OF KERRI RIDENOUR, DIRECTOR, GOVERNMENT RELATIONS, NATIONAL BROILER COUNCIL, WASHINGTON, D.C.

Ms. RIDENOUR. Good morning. I am Kerri Ridenour, director of government relations of the National Broiler Council which is the trade association representing the producers and processors of more than 75 percent of the broiler-fryer chicken consumed in the United States.

Fundamentally, we believe that this legislation is unnecessary. Since the passage of the Poultry Products Inspection Act in 1957, the predominance of poultry consumed in this country has emanated from federally inspected plants. In its 1981 Meat and Poultry Inspection Directory USDA's Food Safety and Inspection Service lists more than 3,000 federally inspected establishments which are processing poultry. There are currently 229 State-inspected plants. Therefore, State-inspected plants represent only 7.6 percent of total establishments, and product being prepared in those establishments represents only 1 percent of the total annual poultry production.

We feel it is simply not worthwhile nor equitable to have special regulations which apply to such a minute portion of establishments and product, especially when those establishments have the option of converting to Federal inspection in order to sell products in interstate commerce.

The poultry industry has worked very diligently since the inception of mandatory Federal inspection to produce a wholesome, nutritious, properly labeled, inexpensive, and uniform product. Much of the success of the poultry industry has been due to its reliance upon uniform Federal slaughter, processing, labeling, packaging, and other criteria prescribed by USDA.

Currently, a consumer can purchase poultry from New York to California that bears the USDA mark of inspection as well as the USDA grade shield, and consumers know that those legends represent a wholesome, federally inspected product. Under the proposed legislation products prepared in State-inspected establishments must bear a label designating the State of origin. They would not carry a Federal inspection shield, would most likely bear a grade shield different from that of USDA if the product was graded at all, and the product could be prepared and packaged in a manner unfamiliar to consumers.

We believe the movement in interstate commerce of these products labeled and packed so diversely from Federal standards could prove most confusing to consumers. Mr. Kushner of AMI has pointed out, there would be an unavoidable duplication of efforts between State and Federal inspection activities. There also exists the added burden and confusion that would result from having to keep the State-inspected product strictly segregated from federally inspected product to prevent the introduction into international commerce of that product not inspected by USDA. Dr. Houston pointed out this morning, there likely would have to be an additional set of regulations developed to prevent plants processing international product from having any State-inspected product in their plant at all.

In summary, while we certainly support the continuation of State inspection programs where desired, we oppose H.R. 5268 because of the potential consumer confusion or loss of consumer confidence which could result because of the dissimilar nature of packaging, labeling, and other factors of State-inspected poultry products as compared to Federal products. We believe enactment of such a program will be confusing to both Federal and State governments, would result in a duplication of efforts that is simply unnecessary in light of the fact that State-inspected establishments have the option of converting to Federal inspection. We see no need for new regulations which apply to a mere 1 percent of poultry produced in the United States. We believe that State-inspected establishments which wish to ship their products in interstate commerce should and must choose the option of converting to Federal inspection.

Thank you very much.

Mr. HARKIN. Thank you very much, Ms. Ridenour. Without objection, a copy of your entire prepared statement will be inserted in the record.

[The prepared statement of Ms. Ridenour appears at the conclusion of the hearing.]

Mr. HARKIN. Our next witness will be Mr. Lee Campbell who is president of the Poultry & Egg Institute of America. Mr. Campbell?

STATEMENT OF LEE CAMPBELL, PRESIDENT, POULTRY & EGG INSTITUTE OF AMERICA, ARLINGTON, VA.

Mr. CAMPBELL. Mr. Chairman, my name is Lee Campbell, president of the Poultry & Egg Institute of America, Arlington, Va. The institute is the national nonprofit association representing, among others, those that process poultry and the products thereof.

Our organization is opposed to H.R. 5268 which would provide for the shipment of State-inspected meat and poultry products in interstate commerce, although it would not allow these products to be eligible for sale or transportation in foreign commerce.

The institute has a long record in support of adequate inspection of poultry in order to give every assurance to the consumer of the wholesomeness and high quality of poultry products. We are proud of that record.

In 1950 the institute, aware of the desirability and necessity of a government inspection program to give the consumer the protection and assurance desired when purchasing poultry products, worked closely with the U.S. Public Health Service. Conflicting requirements among different localities were already creating interference with the movement of poultry, and both industry and the consumer were facing costly and unnecessary barriers to domestic trade. As a result of collaboration with Public Health and the Department of Agriculture, a model, uniform ordinance was developed for use by the States.

It became readily apparent, almost before the ink was dry, that it would be impossible to bring about a mandatory, uniform poultry inspection system in this manner. Our efforts then were directed to the development of a Federal mandatory inspection system.

The Agriculture Committees of the House and the Senate, with the support of the institute and the poultry industry generally, developed and enacted in 1957 the Poultry Products Inspection Act. The result was the development of an inspection system which could be relied upon by consumers everywhere.

The one problem with that act, as it turned out, is that it did not extend to intrastate products except through designation. Thus, the Agriculture Committees with industry support considered amendments to extend the Federal inspection program to about 13 percent of our total product not then covered by Federal inspection.

During consideration of those bills in 1968, considerable discussion centered around a proposal to allow poultry processed under State inspection systems, which are at least equal to the Federal program, to be shipped in intrastate commerce with a combined State-Federal legend. A majority of the House committee saw fit to delete that provision then.

We believe nothing has changed since 1968 which would cause this committee to report out H.R. 5268. While this issue is more important in meat inspection than in poultry, nevertheless we believe that equal to does not necessarily mean "the same as."

Our opposition to this measure revolves around the issue of uniformity. Uniformity is necessary if we are to assure consumers of the benefits intended by the legislation. Of equal importance is the severe competitive advantage or disadvantage which results if the inspection program is not applied uniformly. Experience has demonstrated that it is difficult to achieve a reasonable degree of uniformity even when inspectors are operating under the same provisions of law and under the same regulation and answerable to the same boss.

This is because of the judgment and discretion which must necessarily be invested in the inspector and which cannot always be precisely detailed in regulations or instructions.

As has been said by the previous two witnesses, any plant which wants to ship in interstate commerce can get Federal inspection right now providing it meets the requirements. There is no reason to begin a competition between the Federal program and the State ones on which can attract more clients, if you will.

We think it reasonable to argue that if the subcommittee should adopt a proposal which would permit interstate shipment by State-inspected plants, it should also be made clear that a plant presently under Federal inspection but located in a State which establishes a State system as provided in the act should have the election of operating under the State system if it so desires.

I think it is interesting that a requirement has been written into the bill to deter shifts to State inspection. Therefore, Mr. Chairman, we urge the subcommittee not to report this legislation.

Thank you for the opportunity to present our views.

Mr. HARKIN. Thank you very much, Mr. Campbell, and I thank all of you for your testimony.

Mr. Kushner, let me ask you a followup on a question I had asked other witnesses earlier. Do you foresee that there might be a possibility of an increase in the number of now federally inspected plants to jump to a State-inspected system under this legislation?

Mr. KUSHNER. I think that distinct possibility exists. Mr. Chairman, it would be very unfortunate if indeed that happened because there is a great deal to be said for the uniformity that we now have prevalent in the labeling and in the shipment of meat in the country. I think it is important that that uniformity be preserved.

Mr. HARKIN. I never really got into the uniformity aspect with the previous witnesses. Again, taking off on that, I saw the problem before as one of everybody jumping back to a State system, the States then being overburdened and their budgets being tight, and everyone going back to a designated system, and then going back to the Federal system again for everything. Now I see the problem in terms of uniformity. If they all jump to a State system there can be all kinds of labels floating all over the countryside.

The other problem I see is again one that I raised earlier this morning with the first witness, Dr. Houston. It had to do with imported-exported meat. Albeit it does not always work, but right now we require the same inspection procedures in foreign plants that we do at our own for meat that is imported into this country. As you know I am working on that problem right now. Countries to whom we export meat products require the same of us. I am very interested in exporting more of our meat products—our finished meat products—abroad.

I am concerned that if we go to a system like this it might deter us from exporting and increasing our exports of meat products abroad. Do you see any problem with that? My question has to do with the fact that we cannot export meat products now unless they are federally inspected under the Federal system. We require the same of meat that is imported into this country. For example, we do not allow for any provincial kind of inspection procedures that are allowed in certain countries to be imported into this country. It has to have a national system, whether it is Australia or New Zealand or wherever it might be. It has to be a national inspection system which meets the same requirements as ours.

I am concerned that if we move into a State system like this under this legislation those countries might tend to retaliate against us and say that, No. 1, they will not accept any of those exports to their country that are under the State label, and, No. 2, that if we try to make them do that they are going to want the same kind of reciprocity. They can say that we import meat that has your provincial stamps on it, for example, rather than your national stamps. The whole system could break down.

Mr. KUSHNER. I think you have identified another problem with this bill that perhaps I have not paid a great deal of attention to in my statement but certainly would be a likely result.

Mr. HARKIN. I would hope that you would look at it in terms of what it might mean to our export market. I know that Dr. Houston testified what they might look at would be that anyone who is exporting meat could not be involved in the State system. However, it seems to me again that you are going to get into all kinds of problems with that. How do you know, for example, if you are making a processed product whether or not you buy it from a State plant and it is mixed with other products? How are you going to police that? If you really do police it it seems like we are going to have to have more inspectors than we have now. That is what we are trying to

get away with on the continuous inspection. So the whole thing sort of comes back on itself.

Mr. CAMPBELL. Mr. Chairman, I have one comment. You were asking Dr. Houston about that particular subject. It occurred to me that if the less than continuous inspection bill is passed, for example, which as you know we support, you could have State-inspected product going into a plant that is continually exporting, not entirely but continually exporting, that is operating only for the processed plant. I am not quite sure how you would control that to the satisfaction of a foreign government who now sends inspectors over here too often as it is.

Mr. HARKIN. Yes; I am concerned about that because I do believe that we are going to be exporting more of our finished meat products abroad, at least I hope so.

Do you have anything to add, Ms. Ridenour?

Ms. RIDENOUR. No.

Mr. HARKIN. Mr. Gunderson?

Mr. GUNDERSON. Thank you, Mr. Chairman. Mr. Kushner, I see that you are the general counsel of the American Meat Institute. Having a lawyer on my staff, not being one myself, I know that he is always very picky about the exact use of words. As I look over your statement I see that you twice say in regard to uniformity, "symbolized by the Federal system." Then later on you say "a symbol of product uniformity." I guess that really gets to my first question, which is, What State inspection plans today are so insufficient as to erode the actual uniformity of health inspection and meat inspection in this country?

Mr. KUSHNER. Mr. Gunderson, I think that probably the Department of Agriculture, who has to review some 27 programs to determine the extent to which their standards are equal to the Federal standards, is probably in a better position to answer that question. Frankly, I do not know all the different standards, but we do know that the standards are different and the products carry different inspection legends.

One of our principal concerns is that that difference alone will cause the consumer to wonder how similar those standards are.

Mr. GUNDERSON. I am a little confused that you rely on USDA because, if I recall, USDA was up here today testifying in support of the bill. So if their assessment of the uniformity standard is what you want to rely on, then we probably should pass the legislation.

Let me ask another question along the same line. Do any of you believe that State inspection today is so inadequate as to jeopardize public safety of meat processed at a State-inspected plant?

Ms. RIDENOUR. I would like to answer that. I do not think that any of us contended that State-inspected product was inferior in any way. We have contended only that the different standards under which it is processed or produced and the different labeling which it would carry would be confusing to consumers.

Mr. KUSHNER. Let me just add one thing for clarification purposes. It is true that Dr. Houston has testified in support of this legislation. However, traditionally USDA's position has been opposed to this legislation for many of the very reasons we have suggested today. We do not rely upon USDA to judge each particular

standard for us with respect to this legislation, but they are charged with that responsibility. We are not in a position to judge the various standards.

I agree with Ms. Ridenour that we are not contending that the standards are inferior. What we are suggesting, however, is that the uniformity that is typified by the inspection legend and by the consistent USDA application of its standards to federally inspected products is what consumers have learned to rely upon in terms of an interstate market.

Mr. GUNDERSON. I do not want to take the time to go back and repeat my earlier statement that I do not think you want to rely upon USDA too much in support of your position because it seems that they have said in their testimony today that State inspection has been upgraded to the point where they do not believe there is that difference in uniformity today as it probably existed in the past.

Other than exact uniformity, can you name one benefit to me in terms of public health of Federal inspection over State inspection?

Mr. KUSHNER. I can name at least one factor that is not necessarily health related, and we have not really addressed health concerns because, again, I think that is something better assessed by USDA. However, certainly the fact that the Federal inspection system is so much more cost efficient, the prevalence of that system is of benefit to all consumers.

Mr. GUNDERSON. We argued that earlier, and I am not sure I share your feelings on that. The conclusion of your statement says that the two programs fulfill separate and distinct functions. What are those separate and distinct functions?

Mr. KUSHNER. The State programs are in existence primarily in order to respond to very local needs. They have done that quite effectively. It is within the domain of the Federal Government to make sure that products that are shipped from one State to another and then to another and then to another meet their own particular standards by which they fulfill their national responsibility.

Mr. GUNDERSON. How do you define local?

Mr. KUSHNER. Being a lawyer, Mr. Gunderson, I probably would define that several times depending upon the form in which I was speaking.

Mr. GUNDERSON. I would define local as a short distance, not necessarily a State boundary. I think that really is what we are talking about here today. I understand the position from which you people are coming, but I have to say that I am disappointed in it because I think those who represent processors who are large volume processors, which in essence is what the case is, should be concerned about competition. However, you should be more concerned about the market selling the highest quality product. I cannot believe—and I guess I am disappointed—that your people are concerned about that kind of competition in the local area.

As we have seen from the testimony, we are talking about the small processor who in that local area might go 1 or 2 miles down the road across a State boundary. That is the only concern we are dealing with here.

I do not think that foreign commerce is an issue at all because anyone who wants to sell in foreign commerce should have nation-

al inspection—make it an outright standard. If you are going to sell to another country then you have national inspection.

We are talking about local commerce, and I think that is the whole gist here. I must say that I am disappointed in the positions that your groups have taken.

Thank you, Mr. Chairman.

Mr. HARKIN. Thank you, Mr. Gunderson. Mr. Volkmer?

Mr. VOLKMER. Do any of you envision a possibility in the future that in the event this legislation is enacted new plants in poultry would opt to go State rather than Federal?

Mr. CAMPBELL. I think that would depend on the State.

Mr. VOLKMER. It would depend on location. Now most poultry producers are located in several States. Are they not? The bulk of them are in a few States. Do those States also have State inspection at the present time, most of them?

Mr. CAMPBELL. Some of them do, yes.

Ms. RIDENOUR. I think it is 23.

Mr. CAMPBELL. About 23 States have some State inspection.

Mr. VOLKMER. However, in poultry production, how many of those States that are producing the majority of poultry also have State inspection? Is it most of them, a few of them, or do you know?

Ms. RIDENOUR. One State, for example, North Carolina, I believe ranks eighth or ninth in production of poultry. They have 19 State-inspected plants. So, yes, there are State-inspected plants in some of the largest poultry producing areas.

Mr. VOLKMER. Perhaps I can ask one of our next witnesses from the State department of agriculture a question. Perhaps, Mr. Kushner, you may know this. If you do not, just say so. I forgot to ask the previous panel. Where you have State inspection of red meat, do they grade that meat just like the federally inspected meat is graded?

Mr. KUSHNER. I am not sure of that, sir, but I believe it is optional.

Mr. VOLKMER. I will wait and ask our next witnesses. Maybe we can get a better answer. Thank you very much.

Mr. HARKIN. Thank you very much, Mr. Volkmer. Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman. I am not going to delay the proceedings much. I would like to ask one question. There seems to be a difference of opinion between this panel and the one preceeding it, particularly in the area of the cost of complying with Federal inspection as opposed to one that is licensed under the State system. As I understand it from the previous panel, the statement was that the difference in cost are those ridiculous regulations that the Federal Government sometimes promulgates and adds that are not directly involved with the quality of production of the product involved. I think one of the earlier panelists mentioned the restroom standards and things of that kind. Do you agree or not agree that that is the reason for the difference in the costs? Do you agree that there is a large difference in costs in complying with Federal standards as opposed to those promulgated by some States?

Ms. RIDENOUR. I would disagree that there is a great disparity in costs. I think perhaps there is some difference, but as I pointed out

in our testimony the poultry industry really views much of its success as a result of the uniformity of the standards and the processes and the other criteria prescribed by USDA which they follow.

For the small amount of extra cost involved, they view that as part of the costs of doing business and part of a measure of their success.

Mr. SKEEN. Thank you, Mr. Chairman.

Mr. HARKIN. Thank you, Mr. Skeen. Do any of you have any other statements you would like to make?

Mr. CAMPBELL. I would just like to add one thought, Mr. Chairman, in regard to Mr. Gunderson's colloquy with Mr. Kushner. When we talk about local there is nothing in the law that would limit the amount of space in which a small processor could sell. He conceivably could move it anywhere in the United States. It is not just across the river or into the next city. That is an area that the law would not define. I think that needs to be considered a little bit in this area.

Mr. GUNDERSON. Would you support legislation allowing them to sell in just the adjacent State?

Mr. CAMPBELL. I really do not know how our people would consider that. Again, it would depend—suppose you were in the corner of Wisconsin where you could sell in three States, or in Indiana where you could sell in three States?

Mr. GUNDERSON. Yes; the adjacent State.

Mr. HARKIN. What I would like to know is this. I should have asked Dr. Houston this. What is to prevent right now, let's say, someone in the State of Wisconsin if they want to sell in the State of Iowa from asking the State of Iowa to give them permission to sell there?

Mr. SKEEN. Is there any instance where they do this?

Mr. HARKIN. Does Federal law totally prohibit it?

Mr. KUSHNER. I believe that would be considered to be interstate commerce, Mr. Chairman, and that would be prohibited. If I may just take 1 minute, my point earlier on local and the definition of local is that the circumstances really have to dictate what is a local situation. I am afraid that in this particular situation the only way it can be defined without potential for abuse and for a great deal of arbitrariness is the State boundaries have to determine what is the local area.

Mr. HARKIN. Do we have another problem here? It has occurred to me that, let's say, someone in Wisconsin wanted to ship into Iowa. Federal law prohibits that right now. If the law is changed to permit that, the processors in Iowa might say that they are not sure they want all that stuff coming in from Wisconsin, and so they will make sure that Wisconsin has to meet some different kinds of standards that perhaps are met in Iowa. With 50 States all wanting to protect their borders from some other State trying to ship that kind of product in, I can see that kind of thing coming up possibly.

Mr. CAMPBELL. Mr. Chairman, there is protection against that in the current law. The States are not allowed to make regulations that are more severe than the Federal system.

Mr. HARKIN. That could not happen then. All right. Thank you very much.

Our next witness is Mr. J. B. Grant, National Association of State Departments of Agriculture. I also will call Dr. Dale Richardson, National Association of State Meat and Food Inspection Directors, of Indianapolis, Ind. If both of you could come up, I would appreciate it. Mr. Grant, you may proceed, and please identify the people who are accompanying you.

STATEMENT OF S. MASON CARBAUGH, VIRGINIA COMMISSIONER OF AGRICULTURE AND CONSUMER SERVICES, AND CHAIRMAN NASDA TASK FORCE ON MEAT AND POULTRY INSPECTION, PRESENTED BY JAMES B. GRANT, EXECUTIVE SECRETARY, NATIONAL ASSOCIATION OF STATE DEPARTMENTS OF AGRICULTURE, WASHINGTON, D.C., ACCOMPANIED BY PAUL FRIEDMAN, MEAT INSPECTOR, AND W. DAVID MILLER, D.V.M., VETERINARY PROGRAM COORDINATOR, VIRGINIA DEPARTMENT OF AGRICULTURE

Mr. GRANT. Mr. Chairman and members of the subcommittee, I am James B. Grant, executive secretary of the National Association of State Departments of Agriculture. Accompanying me are Dr. W. David Miller, veterinary program coordinator for the Virginia Department of Agriculture and Consumer Services; and Paul Friedman, meat inspector, State of Virginia Department of Agriculture.

I am presenting this testimony on behalf of the Honorable S. Mason Carbaugh, commissioner of agriculture and consumer services in Virginia and chairman of our association's task force on meat and poultry inspection, who was not able to be here today. Thank you for this opportunity to testify on H.R. 5268.

This legislation will remove a very serious inequity in the treatment of State-inspected meat and poultry establishments, and benefit consumers by making more products available for sale in interstate commerce.

The bill, introduced by Hon. William Wampler last December, would permit State-inspected meat and poultry slaughtering, packing, and processing plants to sell their products in interstate commerce. It also establishes an orderly procedure for plants to change their inspection designation from State to Federal or Federal to State. Finally, it assures the free movement of products by prohibiting States from imposing any additional marking, labeling, packaging, or ingredient requirement.

This bill has the full support of the U.S. Department of Agriculture.

Since the passage of the Wholesome Meat Act in 1967, States have been authorized to establish inspection programs in lieu of Federal inspection, provided that the State programs maintain and enforce standards of quality as high as the Federal standards mandated under the Federal Meat Inspection Act and the Poultry Products Inspection Act.

At the present time 27 States operate meat inspection programs, and 23 States provide poultry inspection. These programs are equal to the Federal program in terms of enforcing standards of product wholesomeness and plant and equipment sanitation. USDA's Food Safety and Inspection Service [FSIS] is charged with the responsi-

bility of monitoring State programs on an ongoing basis to assure their "equal to" status.

FSIS reviews each State program every 3 months and certifies to Congress every year that each State program is maintaining standards of health and wholesomeness equal to Federal standards.

Despite the fact that State programs are required by law to meet Federal standards and are continually monitored and recertified as equal to the Federal program, State-inspected meat and poultry products are totally excluded from interstate commerce. This means that many plants operating under State inspection cannot now serve their natural marketing area.

Is it fair that a plant operating in Bristol, Va., is unable to do business in Bristol, Tenn., simply because of an imaginary line running down the middle of a street? This constraint is especially burdensome on plants located near a State border. These firms are handicapped in their advertising efforts because advertisement rates are based, not on political jurisdictions, but on the total number of readers or audience reached, regardless of State borders. Consequently, many State firms are unable to put their advertising campaigns on a cost-effective footing.

Permitting interstate sale of State-inspected meat will clearly benefit State-inspected establishments, but it will also have a beneficial ripple effect on the entire local economy. Many State-inspected plants would increase their volume and sales if they were permitted to serve interstate markets. They would employ more people and boost local economies. They would benefit local livestock and poultry producers by purchasing more cattle, hogs, lambs, chickens, and turkeys. To the livestock producer that means increased local markets, better competition for his animals, and a better chance of making a profit. Simply by being able to sell more animals 2 or 3 miles away from the farm instead of trucking them hundreds of miles to major packing plants means less expense and greater profit for the producer.

Consumers would also benefit from this legislation. Many areas of the country feature meat items which are not available elsewhere. Small, State-inspected plants would be able to introduce their regional or ethnic products into areas where they are not available currently. The opportunities for mail-order and catalog sales by small firms would be greatly enhanced by this legislation.

It is unfair to restrict markets for State-inspected firms when these firms maintain quality standards as high as Federal establishments. It is even more unfair to deny State-inspected firms the rights and privileges enjoyed by foreigners who export meat and poultry products to the United States. Foreign products have free access to any market in this country, even these products are often subject to far less inspection than State products.

As you know foreign inspection systems are certified by the U.S. Department of Agriculture if they meet U.S. standards. Nevertheless, these foreign programs receive only minimal supervision and oversight by USDA, and onsite inspections by USDA personnel are very infrequent and not as frequent as State inspections. State programs, on the other hand, are subject to quarterly onsite checks and often receive more frequent visits if a deficiency in a State program is discovered or suspected.

It is unfair to deny State-inspected firms the same rights we freely grant to foreign firms, especially when State-inspected products are subject to more intensive scrutiny.

Some critics of H.R. 5268 have suggested that the legislation is unnecessary because any State establishment wishing to engage in interstate commerce has the right to convert to Federal designation. This is a spurious argument for several reasons.

In the first instance the process of converting to Federal jurisdiction can be very difficult and costly. For many small operators conversion is totally impractical. The facility requirements are designed primarily for large-scale facilities, and are often inappropriate for small facilities. Some of the requirements have very little to do with sanitation or wholesomeness.

An example is the Federal requirement that all beef locker carcass rails must be 11 feet in height. This requirement is appropriate to plants which deal with half carcasses. However, many small plants work with quarter carcasses and utilize lower rails. Nevertheless, they would be subject to the 11-foot requirement.

In addition, an operator seeking conversion is subject to a lot of paperwork. Plant blueprints must be submitted, label application forms completed, and additional information is often requested. This takes time and money.

Even if the process of converting from State to Federal designation were as easy as some critics of this legislation contend, switching from one system to another does not provide a solution to the inequity of barring State plants from interstate markets.

State inspection programs have many advantages for small plant operators not found in the Federal system. For example, State programs are generally much more flexible than the Federal program in terms of inspection hours. A plant which is voluntarily applying for Federal inspection may have to rearrange its work schedule to accommodate a Federal inspector. The plant may have to reschedule employees' hours to work around the availability of a Federal inspector. Obtaining an additional day of inspection on a temporary basis or making an emergency change in inspection hours is often difficult if not impossible. Often an overtime charge is made for small plants requiring Federal inspection, even in cases where the inspector is in the plant less than 8 hours a day.

Small plant operators under State inspection generally enjoy a direct line of communication with their State inspection officials, right up to the level of the commissioner, secretary, or director of agriculture. State officials are familiar with even the smallest plants, and their specific needs and circumstances are understood. Typically, State program organizational structures are simple and direct. If a problem cannot be solved working with the inplant State inspector or his supervisor, the plant operator and/or the inspector can appeal to the State program director or the commissioner of agriculture. Unresolved problems are handled quickly and without costly delays, and speed in rendering decisions is often crucial to small, low volume operations.

Most State programs have a three-tiered management structure: Inplant inspectors, circuit supervisors, and the program director. In contrast, the Federal program has a six-tiered structure involving inplant inspectors, minicircuit supervisors, circuit supervisors, area

supervisors, regional office staff, and the Washington, D.C., headquarters.

All of us who work here in Washington and deal with the Federal bureaucracy in any matter I think should, and most of us do, fully understand the frustrations that are felt many times by small businessmen or constituents back at the State level in trying to get something through this myriad of redtape here in Washington. I think all of us through the years have been working to try to relieve that, but we have not. It is still there, and those frustrations are felt many times by the small plant operators when they are trying to resolve a problem. I am speaking of a small city in Iowa or Minnesota or Tennessee or some other place with the establishment here in Washington.

State establishments or State meat inspection programs are reluctant to give up their status despite the unequal treatment imposed by Federal law. This was very evident this past year in Vermont and South Carolina when industry and consumers alike responded with a great outpouring of support for State programs when the State legislatures threatened to terminate the programs for budgetary reasons.

We think that passage of H.R. 5268 will strengthen the entire Federal/State inspection system giving States an added incentive to continue their programs. At the present time only 27 States continue to provide meat inspection, and only 23 States provide poultry inspection. As has been said many times today, there has been a steady attrition in the number of State programs during the past decade, and there are some signs that the trend may be accelerating as a result of fiscal difficulties in many States.

Under the 1967 act a State's participation is wholly voluntary. If a State chooses to terminate its program, USDA must assume full responsibility and full costs for inspecting every plant formerly under State inspection. This process of designation entails additional costs to the American taxpayers because the Federal Government's expenses, on a per inspection basis, are generally higher than State expenses. For example, USDA recently took responsibility for inspecting certain State plants in South Carolina under the Talmadge-Aiken Act. Under the State program the inspection costs amounted to \$216,000 per year. Under the Federal program, and with the same workload, the costs shot up to \$319,000 per year.

There are several reasons why most State programs are more economical than the Federal programs. For one thing, State personnel costs are generally lower. In Virginia, for example, State inspectors earn approximately 30 percent less than their Federal counterparts. States are able to economize, on occasion, by cross-utilizing meat and poultry personnel with animal health personnel. In emergency situations State personnel are more readily available at less cost than Federal employees. Finally, a great deal of effort has been made in the past several years to streamline program management and reduce costs to a bare minimum.

Under the terms of the Wholesome Meat Act, USDA is directed to share up to 50 percent of the costs of State inspection programs. By 1979, however, the Federal contribution was no longer equal to the States' contribution, and States were confronted with a severe funding shortfall. Consequently, a task force of State and Federal

personnel was convened at the request of our association to explore every possible means of cutting program costs without jeopardizing the vigilance and integrity of State programs. The task force developed 19 recommendations—many of the members here have seen them—aimed at making State programs as efficient and cost effective as possible. Since then, every State program has incorporated at least some of the recommended changes, and considerable savings have been realized.

States perform inspections at less cost than USDA. We think we can save tax dollars of the constituents we all serve. They provide an important service to more than 4,000 meat and poultry plants and the largely rural communities where these firms are located. State programs should be maintained, and H.R. 5268 will contribute to this worthy goal.

Mr. Chairman, permit me to address some of the specific allegations and concerns being raised against this legislation. One, some federally inspected firms are concerned that competition from State firms may cut significantly into their interstate sales. However, Federal plants have little to fear. Although approximately 40 percent of all slaughtering, packing, and processing plants in the United States are under State inspection, only about 3 percent of the Nation's red meat and less than 1 percent of the Nation's poultry passes through State plants.

Not all State plants will exercise their new access to interstate markets. Moreover, many of these plants specialize in unique varieties of ethnic and regional foods which would not pose any direct competition with products now on interstate markets.

This legislation may actually benefit Federal establishments by enabling them to buy products or materials from State plants for further processing or manufacturing. They would be able to subcontract work to State plants to ease overtime problems, to take advantage of special equipment or skills, or just for convenience of operations.

Two, some critics contend that H.R. 5268 would undermine consumer confidence in the U.S. meat and poultry supply. We believe this argument is false. There is no data, evidence, or market survey which indicates that consumers have any less confidence in State products than Federal products. On the contrary, some of the Nation's finest specialty and gourmet products—such as fancy sausage, cured hams, pâté, duck, and veal products—pass under State inspection. Many State brands have acquired impressive reputations in their respective product lines.

Three, some critics claim that H.R. 5268 would result in added enforcement costs because State products suspected of adulteration would have to be traced back to the State of origin. This argument is without foundation. USDA already has cooperative enforcement agreements with all State programs, and State personnel regularly assist Federal personnel in enforcement activities. Let me remind you that last year during the kangaroo meat incident State meat inspection personnel took a very lead role in bringing that situation under control.

This legislation will reinforce and encourage even closer coordination, resource sharing, and personnel cross-utilization between

the States and USDA, and such cooperation will help keep costs at a bare minimum.

Mr. Chairman, this legislation is the accumulation of many hours of careful deliberations by a joint State-Federal task force of experienced and highly knowledgeable food safety professionals. Every potential impact, we think, has been identified and analyzed, and the draft text of the bill was widely circulated for further comments and inputs.

Keeping 40 percent of the Nation's meat plants under State inspection will avoid major new increases in the Federal meat inspection budget and will help allow domestic plants to compete fairly with foreign meat and poultry products in American markets.

Both State and Federal programs are needed. The USDA and the State programs need to work together, complementing each other's programs, without any implication that the State system is inferior to the Federal. In essence, Mr. Chairman, this Nation has a single inspection system enforcing the high standards of wholesomeness and quality mandated by Congress in the Federal Meat Inspection Act and the Poultry Products Inspection Act. All products which meet this standard, whether State or federally inspected, are entitled to enjoy the same access to American markets.

Thank you for the opportunity to testify on H.R. 5268. We will be happy to answer any questions.

Mr. HARKIN. Thank you very much, Mr. Grant.

Dr. Richardson, we will hear from you now. We would be most appreciative if you would summarize your statement.

STATEMENT OF I. DALE RICHARDSON, D.V.M., PRESIDENT, NATIONAL ASSOCIATION OF STATE MEAT AND FOOD INSPECTION DIRECTORS, INDIANAPOLIS, IND.

Mr. RICHARDSON. Thank you, Mr. Chairman. Again, my name is Dale Richardson. I am director of the Indiana State meat and poultry inspection program. I am currently serving as president of the National Association of State Meat and Food Inspection Directors, an organization of the directors from the 27 States currently operating "equal to" State meat inspection programs.

We appreciate the opportunity to present testimony on behalf of the State inspection systems, systems which by comparison to the Federal system are small yet have been repeatedly declared to be equal to the Federal system.

Our concerns here today are directed toward the discrimination against the more than 4,000 operators of official, State-inspected establishments insofar as free and unhindered sale of their meat and meat food products.

These plants are generally individually owned, small business enterprises strategically located throughout the small communities of the States represented and provide a considerable portion of the fresh meat products consumed in these communities, free of transportation costs involved in the shipment of livestock and meat products a greater distance.

In many instances, these plants are located in sparsely populated areas and require flexibility of operating schedules.

Presently, because of an unjust law, two State-inspected "equal to" operations separated only by an invisible line cannot engage in commerce with each other or potential customers across State lines. If you will for a moment reflect upon two operations, one State inspected and one federally inspected, equal in size and operational standards, providing service to the citizens in a given community but unable to trade in commerce equally with each other. Presently there can be no fair exchange of products. Federally inspected products may enter a State-inspected plant, but State-inspected products cannot enter into Federal plants for further processing.

Acknowledging that with the passage of the Wholesome Meat Act of 1967 and the establishment of companion inspection systems, State and Federal, the challenge for States was tremendous, and as you know many States for varying reasons—primarily financial—did elect to abandon their programs.

However, the existing State programs have developed into strong, responsive governmental units geared to providing the flexibility required to effectively provide "equal to" inspection to the more than 4,000 small but important providers of wholesome, unadulterated, and properly labeled meat and meat food products to the citizens of the communities they elect to serve.

As States developed programs they were geared to the flexibility and to the emergency and seasonal needs of the small plants which we regulate. Through 15 years of continuous reviews by Federal supervisory personnel, quarterly by the USDA, MPIP, infrequently by the General Accounting Office and in-plant compliance group, all State programs presently in existence have been repeatedly declared to be "equal to" by established Federal standards.

Acknowledging that we are not identical, foreign inspection programs are not identical either. However, foreign products imported into this country have free access to all segments of the market as do federally inspected products.

Federal meat inspection is not identical in all Federal plants. Modifications are made to accommodate different sized operations. USDA publishes a "Layout Guide for Small Meat Plants" in addition to their Handbook 570, "A Guide to Construction and Layout," to outline facility variations.

As State units, we are small enough to direct attention to problem areas, especially to shade-tree operators. By the utilization of State laws we are able to respond quickly once supporting evidence has been established.

Much has been said about the States inability to establish an effective recall system. Since the USDA, MPIP, compliance program operates in conjunction with the States, the State compliance programs are, in fact, in addition to the Federal system and as such add considerable support. Why then should the movement of a limited amount of State-inspected product place a burden upon the Federal system?

Records are available to prove the merits of State compliance programs in implementing effective recalls. An example could be the recent horsemeat incident. In Indiana, by using established procedures, 447,530 pounds of suspect product was placed under detention at 147 locations, the majority of which were retail markets,

within a period of 72 hours. This total includes the 31,680 pounds of boxed frozen product later determined by the USDA to be horse-meat.

Traditionally, the impact of the Federal inspection system diminishes rapidly when the product leaves the official establishment. By contrast, in Indiana, by cross-utilizing personnel, we administer cold storage licensing laws governing the facilities, operational practices, and sanitation of 200 food storage facilities.

One hundred and two health units provide support through the use of the toll-free WATTS lines, and immediate response is given to consumer complaints when meat food products are involved. Responses are not directed toward State-inspected product alone but to Federal products as well.

Demand for State inspection continues to increase, and the immediately sized, federally inspected plants continue to decline in number. Why then should an unjust law not be changed to allow the free movement in commerce of equally wholesome, unadulterated, and properly labeled State-inspected red meat or poultry products?

In those States with State-inspection programs, the consumer may find State-inspected, federally inspected, and foreign-inspected products in the same meat display case. The consumer has been making his or her choice among these since 1967 with no apparent lack of confidence in any of them.

In the State of Indiana alone receiving reports for the month of August will show that a total to 5,319,117 pounds of inspected meat products entered the 196 official plants from outside sources. None of the products produced therefrom or the 6,641,681 pounds of red meat or the 45,961 pounds of poultry slaughtered during August 1982 could subsequently be sold across State lines or to federally inspected establishments for further processing or resale.

In the past 12 months, 114,078,318 pounds of red meat were processed, of which 82,273,066 pounds originated at State-inspected slaughterplants, with the balance originating at federally inspected slaughterplants. None could enter the channels of commerce between States or State to federally inspected plants once further processing took place in State-inspected plants.

The problem is much greater when we direct attention to poultry products. While 14,296,665 pounds of poultry were further processed, only 898,565 pounds originated from State-inspected slaughter. Is it realistic to believe that 31,805,252 pounds of red meat plus 13,393,100 pounds of poultry, originating at federally inspected slaughterplants, should be discriminated against simply because it passed through an establishment inspected by a State inspector, regardless of his or her qualifications?

The achievement of "equal to" status by the States did not just happen but was a concerted and many times difficult task. Each of us worked hard to develop a system to meet the needs of the individual States.

With respect to cost effectiveness and cost per tonnage and the products inspected as related directly to the size of the plant, as I called your attention to the State of Indiana, in the past 5 years we have held the average annual increase per year in cost to 3.62 percent while we have increased the slaughterplants from 96 to 121.

In summation, we solicit your support of H.R. 5268. We believe that consumer protection would not be jeopardized or sacrificed by the passage of this bill and that operators of small meat and poultry plants should have the freedom of choice as to the inspection service under which they operate.

Mr. HARKIN. What is the 96 to 121?

Mr. RICHARDSON. The number of officially inspected slaughter-plants has increased from 96 to 121. Incidentally, we have a few new ones that will be coming out. They are of considerable size. They have selected State rather than Federal.

I would bring up one other point, Mr. Chairman. You were speaking of the compliance reviews, and someone brought to my attention that in the Arizona program, where the considerable number of plants in the No. 1 category was shown, Arizona prior to the review had received notice from the Federal department of their deficiency. Yet they were reviewed and included in the review.

Mr. Chairman and members of the subcommittee, I thank you very much.

Mr. HARKIN. Thank you very much, Dr. Richardson. I want to understand this. On page 4 of your statement you talked about that in August you had 5.3 million pounds of infected meat products that entered the 196 official plants from outside sources. You said that none of the products produced therefrom—

Mr. RICHARDSON. Could subsequently enter the channels of commerce in free trade to Federal establishments or in interstate commerce.

Mr. HARKIN. Where did this meat come from?

Mr. RICHARDSON. Federally inspected plants.

Mr. HARKIN. So a federally inspected plant got 5 million pounds of meat from outside sources. What are the outside sources?

Mr. RICHARDSON. Outside of the plant. We have received reports from other inspected establishments. In this case this total is from federally inspected establishments—quarters, halves, et cetera for further processing.

Mr. HARKIN. So it came from a nonfederally inspected plant?

Mr. RICHARDSON. No, it came from Federal establishments this time, bearing the Federal legend, subsequently reprocessed for further processing in the State plant, then having the State legend put on, and it could no longer enter commerce.

Mr. HARKIN. So it came from a federally inspected plant, went to a State-inspected plant for further processing, and then could not enter interstate commerce.

Mr. RICHARDSON. That is right. It is the same with the poultry. The primary source of poultry is Federal plants. By further processing poultry, I mean breaking, cutting, et cetera.

Mr. HARKIN. Are these processing plants State-inspected processing plants?

Mr. RICHARDSON. Yes. All I am entering here is the data compiled by the statistician relative to this.

Mr. HARKIN. Would those States have to have continuous inspection like we do presently?

Mr. RICHARDSON. We had continuous inspection until the USDA mandated to reduce our people back to the 1977-78 level. Once that

happened then the State will no longer give us additional funds to expand accordingly. So we are maintaining a level, as most States will, according to the mandates of USDA to cut back our costs to the 1977-78 budget.

Mr. HARKIN. What I am saying is in processing plants right now under Federal inspection we have continuous inspection. We have a bill before this subcommittee to do away with that. Are you telling me that in the State-inspected processing plants you do not have to have this?

Mr. RICHARDSON. We follow the same guidelines, yes, sir.

Mr. HARKIN. So you do have to have continuous inspection.

Mr. RICHARDSON. That is right. We cover this by scheduling operations on a daily basis of most plant management. We have one man who schedules all personnel and all activities. Program patrol inspectors cover the processing plants, yes, on days of operation.

Many of the small plants slaughter on specific days and process on other days. This is the way we are able to utilize personnel.

Mr. HARKIN. That is one aspect of this whole thing that I was unaware of until right now, and that is you can take it from a federally inspected plant, put it into a processing plant where there is continuous inspection but a State inspection where it is processed, and then it cannot enter interstate commerce.

Mr. RICHARDSON. It must then bear the State legend. As such it is not qualified subsequently to enter a Federal plant or to enter interstate commerce.

Mr. HARKIN. It cannot even go to a Federal plant then.

Mr. RICHARDSON. That is true. Yet they can take uninspected, farm-dressed game animals, livestock of any denomination into that Federal plant under the exemption laws that were provided in 1969. Therein, gentlemen, are the inequities that we face on a day-to-day basis.

Mr. HARKIN. That is something we should look into. That is a new aspect.

Mr. RICHARDSON. That is a considerable aspect. All of the attention has been directed to interstate. I am more concerned about an individual who lives in a county seat of one county. About 1 mile away is a federally inspected small sausage plant that is probably 30 years old. The State plant is 8 years old. That man in that federally inspected plant must buy from a plant 40 miles away because he is in a low-population area.

Mr. HARKIN. Why would not that State plant just become a federally inspected plant?

Mr. RICHARDSON. You ask the owners and operators of those plants.

Mr. HARKIN. I have heard some testimony recently, but if it is a new plant—I can understand if it is an old plant where they do not—

Mr. RICHARDSON. We have many, many new plants built to the standards and guidelines of USDA. People speak of the different systems. Let me assure you that there are 700 pages of poultry and red meat regulations in manual procedures. Everything that is applicable in the Federal system is applied in our system, totally. I would welcome you to come and review this.

Mr. HARKIN. Why would they not apply it?

Mr. RICHARDSON. Those people very simply do not want Federal inspection. Our contention is that they should have the freedom of choice.

Mr. HARKIN. That is not an adequate answer.

Mr. RICHARDSON. It may not be accepted. The two systems operate. The two inspectors, Federal and State, provide the same services. If the man feels justified in doing it, he feels more free to deal with the State unit—all I am saying is in administering a program.

Mr. HARKIN. If it is just an option of that plant operator or that owner to do that, and he wants it for no other reason than he wants it, that just is not an adequate answer for us to change the law to meet that. I want to know why. I can understand it if they have to meet certain things about moving their rails and locker doors. That I can understand.

Mr. RICHARDSON. We have many totally new plants under State systems, and we have more coming.

Mr. HARKIN. There has to be some other reason why they do not want a Federal inspector. I do not understand why. In some cases I can understand.

Mr. RICHARDSON. I think you have heard several things today from the people who are operators of the plants, not me as a director of a program. We try to provide that service, and I would assure you that the standards are "equal to" and are just the same under a State inspector as under a Federal inspector.

Many of our inspectors are from the Federal system because they have an individual identity, and they are part of a program. An extremely high percentage of the leaders have been through the Federal training schools, and this is true in many, many of the States. Obviously, there is a reason why they do not want the Federal system. I would agree with you.

We do one thing perhaps that the Federal system does not, and that is to provide much more flexibility because of the operating schedules. We schedule the people as to the need. That is what I am saying, sir.

Mr. HARKIN. I guess I heard you when you said that the State people are easier to deal with.

Mr. RICHARDSON. I do not believe I said that, did I? I said more flexible in schedules. We maintain WATTS lines, toll-free lines. If that plant operator wants an emergency slaughter at an unusual hour, it would pay the same hourly overtime as the Federal people. The State board of council dictates that. However, they can get on that WATTS line, call the administrative assistant at our office, and in an extremely high percentage of the cases their needs will be provided through inspection services without disruption of the program. I do not believe you can do that in the Federal system. I do not believe that the guidelines under which they operate will allow that.

Mr. HARKIN. Mr. Grant, one thing that both of you talked about, and we heard a little bit of it earlier this morning, had to do with the foreign products imported into this country and free access to all segments of the market, even though their inspection programs are not identical. Obviously, they are supposed to be equal to but not identical. That strikes a responsive chord with me. I would hope that in the coming weeks—I do not know how much time we

will have on this legislation before the end of the year because I do not know if we are going to adjourn at the end of this week or not—but I would like to have some more data on that.

Mr. RICHARDSON. All of our services are available to you, sir.

Mr. HARKIN. I am talking about data on the foreign meat coming into this country.

Mr. RICHARDSON. I am referring to the cases where you walk up to a meat counter and you buy a Danish ham or this or that which came through the Federal system. You may have the State-inspected product beside it.

Mr. HARKIN. Will you get me some more information on that?

Mr. RICHARDSON. Yes.

Mr. HARKIN. Mr. Volkmer?

Mr. VOLKMER. Do many of the State-inspected processors have their own retail outlets?

Mr. RICHARDSON. Yes; many of them do, certainly.

Mr. VOLKMER. Do they grade the red meat?

Mr. RICHARDSON. Grading of the red meat is for USDA. Any State-inspected official establishment may have Federal grading services. They pay for it. It is a reimbursable type of service. So, yes, State product could be graded. Some of them are. Some of the plants do have that service.

Mr. VOLKMER. Do they also sell wholesale to restaurants and things like that?

Mr. RICHARDSON. State-inspected produce is qualified to sell locally, yes, sir, within the State—intrastate—and wholesale.

Mr. VOLKMER. Do they sell like independent stores? They would not sell like the chains, would they, or do they?

Mr. RICHARDSON. They are limited in the sale of their products to large chain operations which might cause the truck to travel interstate. In many cases it is conceivable to think that they cross State lines to provide service to one of their restaurants or one of their stores. That is a considerable limitation to the shipment of State-inspect product. That is why I initially said that most of these people are providing service to a local community. I have maps to indicate the distribution of these plants over the State, and they pinpoint all over the States wherever the population is located.

Mr. VOLKMER. However, it mostly is just the local operations.

Mr. RICHARDSON. Most of them, yes.

Mr. VOLKMER. Thank you, Mr. Chairman.

Mr. HARKIN. Thank you, Mr. Volkmer. Mr. Wampler?

Mr. WAMPLER. Thank you, Mr. Chairman. I regret that I was tardy getting here this morning. As perhaps you know our former staff director is being considered in Senate committee this morning to become a Commissioner of the Commodity Futures Trading Commission. It was necessary for me to be there to testify on behalf of that nomination. I am happy to report that it appears to be proceeding well. I trust the committee will act favorably today, and he will be confirmed this week and will be assuming that very important position. As you know, Mr. West is held in very high esteem by Members of both sides of the aisle.

Mr. Chairman, I appreciate your including my prepared statement at the beginning of this hearing. I really do not have any questions of the witnesses. Like you, I want to see some more data because I think some very serious questions have been raised here. It would be helpful to the subcommittee to pursue that line of questioning to help us in further deliberations on the bill.

Mr. HARKIN. You have my assurance, Bill, that we are going to follow up on this, and we will be getting some additional data on this before we proceed. We are going to look into it.

Mr. WAMPLER. Thank you.

Mr. HARKIN. Thank you. Mr. Stenholm?

Mr. STENHOLM. I have no comments.

Mr. HARKIN. Does anyone have any other statements that you want to make? Mr. Volkmer?

Mr. VOLKMER. You are getting new people, new plants into the State system, and they are not opting to go to the Federal. In the event that this bill would pass and become law do you think, at least within the State of Indiana, that you would see the new processors going to State rather than Federal even more so?

Mr. RICHARDSON. I would see no change from what it is now. The larger plants logically are under the Federal system. The smaller plants where we provide, for example, for facilities. We provide one man and one man only for the determination as to needs and acceptability of blueprints. We have done this for years, since the inception of the program, because of the complexities of it and the real concern of the industry over the facilities.

That man is available to go to the field to assist in laying out their program. It makes it much simpler. Mr. Chairman, I would suspect that it is because of the interrelating of the unit with the individual operator. Perhaps in that way if they should call with a particular problem, we are able to provide response through my dictates or my understudy who coordinates field activities.

Let us take the relationship to the Federal system where the area office is in Springfield, Ill., and through that office a determination of any deviations from in-plant operations would have to come from the man in the Springfield office. This is all the people in the Indiana Federal plants as well as Federal plants in Illinois. I would suspect that it is the interrelating, the personal knowledge of the individual to be able to communicate personal problems, et cetera. We do try to provide this service. We are an entity of the State. Perhaps this is the reason.

Mr. VOLKMER. Thank you very much.

Mr. STENHOLM. That prompts a question. Are there any differences then between a State requirement blueprint-wise for construction of facilities and a Federal requirement?

Mr. RICHARDSON. We use identical regulations. I would be glad to send you the regulations, and they are reproduced. When the State of Indiana recodified, they received a citation for having the most updated regulations in the State system. They are identical to Federal, sir.

Mr. HARKIN. Mr. Grant, how true would that be in other States though?

Mr. GRANT. I am sure it probably is true in other States, too, Mr. Chairman. It is part of the provision.

Mr. HARKIN. They have to be identical in every State.

Mr. GRANT. We have to send them in here for review to see that they are acceptable, identical, however they review the process, yes.

Mr. HARKIN. Is there anything else that anyone wanted to bring up?

Mr. GRANT. We want to thank you, Mr. Chairman, for the opportunity. We will be happy to follow through in any way.

Mr. HARKIN. Thank you very much. This whole thing is an important question. I am just speaking for myself personally. I can see arguments on both sides of this issue. I can see inequities in the present system. It just occurred to me that if I can go to the store and buy a Danish ham or Polish sausage or something like that why couldn't I go buy a Texas sausage or something like that. Maybe there is some inequity there.

On the other hand I see the need for uniformity and the need for consumer confidence in that federally inspected label and the federal inspection system. On the other hand I see some inequities for a small plant that is across the State line that would have its normal marketing area perhaps in a 75- or 80-mile radius or something barred by an imaginary line drawn in the dirt.

So I see both sides of this issue, and I think it is going to require some more study and some more data collection, as Mr. Volkmer suggested.

Mr. GRANT. Let me point out one thing, Mr. Chairman. It was mentioned several times this morning that this legislation would cause consumer confusion because of a myriad of different State labels and different requirements put forth if this legislation was enacted. That is not true at all. There is a provision in this bill that simply says that the States may not impose any marking, labeling, packaging, or ingredient requirements in addition to or different from those imposed by Federal law.

So we see no confusion on the part of consumers. We also believe that the consumers in this country are smart individuals, people who are able to make decisions on their own. We just do not believe that this legislation will confuse the consumer in any way.

Mr. HARKIN. The one party we did not hear from this morning—and when we have further hearings on this I intend to have something further on this—we did not have anybody really from the consumer end of this. I apologize that they were not here, but we will try to get them in to see what their attitudes are on this, too. Maybe we will find some interesting things there, too. I do not know. However, it is an important issue, one that we will follow up on, I can assure you all.

Thank you again very much. It has been a very interesting morning, and we thank you for your testimony.

The subcommittee will stand adjourned.

[Whereupon, at 12 p.m., the subcommittee was adjourned.]

[The prepared statements and additional material follow:]

Statement by:

Dr. Donald Houston, Administrator
Food Safety & Inspection Service
United States Department of Agriculture

Mr. Chairman, I appreciate the opportunity to testify on H.R. 5268, which would amend the Federal Meat Inspection (FMIA) and the Poultry Products Inspection Act (PPIA) to make State-inspected meat and poultry products eligible for sale or transportation in interstate commerce and for entry into and use in the preparation of products in federally inspected establishments.

The Department of Agriculture (USDA) supports this legislation. The circumstances that led to the restrictions in the FMIA and PPIA on the distribution of State-inspected product have changed since those laws were enacted. We believe that meat and poultry products inspected by the States need no longer be limited to distribution in intrastate commerce but should be allowed in interstate commerce as well. To explain the Department's position on this issue, I would like to discuss the evolution of meat and poultry inspection in the United States, particularly the relationship between the Federal inspection system and State programs.

The Meat Inspection Act of 1906 was passed in response to the appalling conditions in U.S. stockyards and packinghouses exposed by Upton Sinclair's book The Jungle and to the public alarm over chemicals being added to meat to give it a fresh appearance. This Act provided for ante-mortem and post-mortem inspection of all cattle, swine, sheep, and goats, the inspection of processed meat foods derived from those animals, sanitation inspection within plants, and review of labeling for truthfulness and accuracy. Federal authority, however, was limited to meat and meat food products prepared for human consumption and intended for distribution in interstate or foreign commerce. In 1907 a minor amendment was incorporated into the 1906 Act, and the amended Act was passed as permanent legislation.

During the early part of the century, the poultry industry had operated largely on a local level, and poultry was considered a specialty product. As technical changes occurred within the industry, poultry production and its distribution to the public grew. These developments initially resulted in the institution of a voluntary inspection program by USDA. The inspection of poultry and poultry products became mandatory in 1957 with the passage of the PPIA. That Act required, with certain exceptions, Federal inspection of poultry and poultry products produced for human consumption for distribution in interstate and foreign commerce.

Under both the PPIA and the Meat Inspection Act, the States were not required to inspect meat and poultry products prepared for distribution in intrastate commerce, even though some States were doing so. Concern over the lack of uniformity among State inspection requirements and unsanitary conditions in many intrastate plants led to a major revision of the inspection laws--the 1967 Wholesome Meat Act, which amended the Meat Inspection Act, consolidating it into the FMIA, and the 1968 Wholesome Poultry Products Act, which amended the PPIA.

At the time the Wholesome Meat Act was passed, there were about 15,000 nonfederally inspected intrastate plants producing about 15 percent of the Nation's carcass meat and 35 percent of the processed meat supply. But there was no consistent pattern of State inspection for this intrastate product. Only 28 States had laws providing mandatory inspection of both slaughtering and processing. Eight States had no meat inspection statutes whatsoever. Twelve States had laws for voluntary inspection at slaughter, but 4 of these 12 did not extend this voluntary inspection to processing operations. Two States had

minimal requirements, such as licensing standards, but provided no inspection at the packinghouse. The situation for poultry inspection was even worse.

The 1967 and 1968 Acts require, with certain exceptions, that meat food and poultry products prepared for human consumption and for sale and transportation in interstate and foreign commerce as well as those prepared for distribution in intrastate commerce be inspected. They also required States to develop and effectively enforce requirements for the inspection of meat and poultry products distributed in intrastate commerce that are "at least equal to" those of the Federal program.

The "at least equal to" provisions of the two Acts were the key element in upgrading the inspection of intrastate products. The Acts stress the need for cooperation between Federal and State authorities in carrying out the consumer protection provisions of the legislation but also require USDA to monitor State programs. If a State fails to develop or effectively enforce inspection requirements "at least equal to" those under the Acts, the Secretary of Agriculture is required to "designate" that State for Federal inspection. The Department then assumes direct responsibility at plants that were formerly inspected under the State program.

To assist in achieving the purposes of the legislation, the Acts authorized the Secretary to cooperate with State governments in developing and administering State inspection programs. Since passage of the legislation, there has been extensive and continuous Federal aid to the States. Such aid has included advisory assistance in planning and developing State programs, technical and laboratory support and training, and up to 50 percent of the estimated total cost of cooperative programs.

Since 1967, the Federal Government has provided the States with 50 percent of the costs of their inspection programs--for a total of about \$354 million. For this fiscal year (1982), the Federal share of State programs will be about \$30.4 million. Appendix A, included with my written testimony, gives by State the Federal funding share for fiscal years 1980 through 1982.

Federal payment under the cost-sharing program is contingent on continued satisfactory State administration of the "at least equal to" provision. To assure that the States are meeting those provisions, the Acts require the Federal inspection program to conduct periodic reviews of State programs. USDA evaluations of those programs include reviewing information on State program authority, number and types of plants, program staffing, funding, changes in organization and administration, compliance and evaluation at the State level, and the results of reviews of State plants. USDA conducts plant reviews by visiting a statistical sample of State plants each quarter. The Department must certify to Congress once a year that each State program is being maintained at a level that is "at least equal to" the Federal program.

The 1967 and 1968 legislation gave the States an initial 24 months to develop "at least equal to" inspection programs before the designation process was to begin. If the Secretary had reason to believe that the necessary requirements could be met within another year, designation could be delayed for that period. The first designation occurred in 1970, when it was apparent that a State would not be able to develop a meat inspection program. By the end of 1973, 10 States had been designated for Federal meat inspection. For poultry, 13 States that had decided not to develop inspection programs were designated for Federal inspection on January 2, 1971, or almost immediately after the

24-month period. By the end of 1973, 19 States had been designated for Federal poultry inspection.

Since these early designations, the Federal Government has assumed responsibility for the inspection of meat products produced for intrastate commerce in 13 additional States and for poultry products in 8 other States. Most of these designations have resulted from decisions of Governors or State legislatures to discontinue State inspection programs, almost universally for economic reasons. If a State ends its funding of inspection, USDA by law must assume responsibility for inspection of plants formerly under State jurisdiction because the State can no longer enforce an inspection program "at least equal to" the Federal program.

Today the Federal Government is responsible for the inspection of meat products produced for intrastate commerce in ²⁷~~28~~ States and for poultry products in ²³~~24~~ States. The rate of designation has accelerated in the past few years--within the last 18 months alone, four States have ended funding for their inspection programs in the face of budgetary constraints. The remaining State programs employ 2,200 inspectors in about 4,200 plants.

Included as Appendix B is a chart listing the States that currently conduct meat and poultry inspection programs. Also shown on the chart is the number of official intrastate plants in each State as well as the number of custom-exempt plants under State inspection. Appendix C shows the dates of designation of State programs.

During the debate on the 1967 and 1968 legislation, it was argued that if States were willing to work toward and develop federally approved inspection systems equal to the Federal program, plants inspected by the States should have

the same rights in interstate commerce as those inspected by the Federal Government. The Congress, however, decided not to consider this issue until State programs could prove in practice as well as in theory that they met Federal standards. We now believe that the States with inspection systems have proven over a long period of time that they are able to operate sophisticated programs equal to the Federal. Thus, meat and poultry products from State-inspected plants should be allowed to be distributed in interstate commerce or to federally inspected establishments for further processing, as H.R. 5268 provides.

The States also contend that the treatment of State-inspected product is blatantly unfair compared to the privileges allowed imported product. As you know, the FMIA and the PPIA require inspection systems of countries that export product to the United States to meet the standards set forth in the Acts. USDA reviews and evaluates foreign inspection systems, laws, regulations, and plants. After USDA determination of the eligibility of a country to export meat or poultry products to the United States, approved plants in that country are allowed to distribute product in interstate commerce in the U.S. once the product has passed port-of-entry inspection. On the other hand, not only does USDA review and certify State inspection programs as "at least equal to" the Federal, it also pays half of the cost of most State programs. Yet, under the current law, State-inspected meat and poultry products are prohibited from being distributed in interstate commerce. We at USDA agree with the States' position that this situation is inequitable and should be corrected.

A major concern of USDA in the past has been that State-inspected product not be allowed in foreign commerce. The United States requires imported meat

and poultry products to have been inspected by a national system of inspection. Most of our trading partners require the same of the meat and poultry products they import from us. Thus, neither we nor most of our trading partners are allowed to accept imports from plants inspected by a State, local, or provincial system. Accepting products from more than one system in a country would greatly add to the administrative burden of assuring that imported products meets the requirements of a receiving country. In addition, the cost of reviewing and certifying more than one system would be prohibitive and would thus retard international trade. The proposed legislation retains the current prohibition against the sale or transportation of State-inspected product in foreign commerce and also provides that federally inspected articles prepared in whole or in part from State-inspected articles shall not be eligible for sale or transportation in foreign commerce. These provisions are consistent with our own requirements for meat and poultry products entering the United States.

H.R. 5268 also provides that State-inspected product and federally inspected articles made from such product be separated from other federally inspected articles in any federally inspected establishment that engages in foreign commerce. State-inspected product accounts for only about 5 percent of the total red meat and 1 percent of the total poultry produced in the United States. Moreover, in 1981 the United States exported only about 3 percent of federally inspected meat and 6 percent of federally inspected poultry products. Thus, because of the relatively small amount of product involved, we do not think that the task of meeting this requirement would be burdensome to the Department.

USDA and other officials have also been concerned with the effect of such legislation on the stability of the Federal inspection system. In the past,

many feared that if State-inspected product were allowed to be shipped in interstate commerce, plants would be able to "shop around" for the inspection program they preferred. It was also feared that plant management might pressure Federal or State inspection officials to lower standards with the threat that the plant would transfer to the other program. Thus, major instability might be created in the current inspection system. The legislative proposal addresses this concern by requiring that the operator of any establishment under Federal or State inspection who wishes to transfer to the other program may do so only on October 1 of each year, after having given notice to both inspection agencies at least 6 months before that date of his/her intention to do so. In addition, the operator may transfer only after the Secretary has determined that the transfer will not adversely affect the stability of the total State and Federal system. This provision would also benefit the States, because it would discourage plants from arbitrarily transferring from State to Federal inspection. In fact, the Secretary would consult with State officials before agreeing to the transfer of a plant from a State program.

Over the years there has been instability in State inspection programs, caused at least partly by the prohibition on the shipment of State-inspected product in interstate commerce. If a State-inspected plant decides it wants to ship its product interstate, it must operate subject to Federal inspection. When it does, plants that remain in the State program are no longer allowed to sell product to the plant that opted for the Federal program. Thus, markets are lost and, as a consequence, plants may go out of business. The transfer of plants to the Federal program also means that State programs must adjust

staffing patterns. Since it is usually larger plants that transfer, the problems for State programs are compounded.

The Department believes that the legislative proposal would help overcome some of the problems the States face and would thus help preserve our Federal-State system of inspection. When the Wholesome Meat Act and the Wholesome Poultry Products Act were passed, many States assumed responsibility for a large number of plants that the Federal program probably could not have absorbed at the time. Most of those plants were small establishments in areas that served the rural community. This pattern also prevails today. Such operations should be under State control because State inspection programs are more locally oriented and more accessible to small plants than is the Federal program. With this distinctive ability to respond to the needs of small plants, the States continue to play a vital role in the inspection system.

Because the States have proven that they are able to run sound inspection programs, we believe that the proposed legislation would not reduce the level of consumer protection currently provided. On the contrary, the proposal would recognize the State's contribution to that effort. It is our hope that the States will continue to support their inspection programs and that the legislative proposal before you today will encourage them to do so. This legislation is fair and logical, and the time has arrived for its passage.

This concludes my statement, Mr. Chairman. I will be happy to answer any questions.

APPENDIX A
GRANTS TO STATES
(Thousands of Dollars)

STATES	FISCAL YEAR			Changes From 1981 to 1982
	1980 Actual	1981 3/ Actual	1982 Allocated	
Alabama	869	847	889	+ 42
Alaska	259	242	365	+ 123
Arizona	365	465	488	+ 23
Arkansas	738	541	Designated	-
Delaware	118	150	177	+ 27
Florida	1,403	1,593	1,736	+ 143
Georgia	1,496	1,672	1,787	+ 115
Hawaii	647	651	729	+ 78
Idaho	590	475	Designated	-
Illinois	2,488	2,204	2,451	+ 247
Indiana	1,370	1,387	1,442	+ 55
Iowa	590	702	771	+ 69
Kansas	849	930	1,043	+ 113
Louisiana	1,205	1,474	1,754	+ 280
Maine	85	Designated	Designated	-
Maryland	653	750	731	- 19
Michigan	2,649	2,190	Designated	-
Mississippi	731	838	895	+ 57
New Mexico	188	227	250	+ 23
North Carolina	1,697	1,772	1,927	+ 155
Ohio	2,554	2,493	2,648	+ 155
Oklahoma	956	1,059	1,473	+ 414
Rhode Island	119	112	Designated	-
South Carolina	807	842	826	- 16
South Dakota	261	256	328	+ 72
Texas	3,172	3,273	3,932	+ 659
Utah	408	435	455	+ 20
Vermont	198	203	226	+ 23
Virginia	743	795	911	+ 116
West Virginia	440	499	539	+ 40
Wisconsin	1,520	1,598	1,648	+ 50
Wyoming 1/	1/	1/	1/	-
TOTAL	30,168 2/	30,675	30,421	+ 3,064

1/ Has not requested Federal funds since fiscal year 1978.

2/ Obligations as of September 30, 1980.

3/ Obligations as of February 4, 1982.

February 4, 1982

APPENDIX B
MEAT AND POULTRY INSPECTION PROGRAMS
Official and Exempt
Intrastate Plants

STATES	STATE JURISDICTION			
	Official			Exempt *
	Meat	Poultry	Total	
Alabama	104	8	112	52
Alaska	16	0	16	2
Arizona	55	8	63	36
Arkansas				
California **	0	0	0	(449)
Colorado				
Connecticut				
Delaware	8	1	9	3
Florida	283	7	290	79
Georgia	169	0	169	61
Hawaii	72	6	78	1
I Idaho				
Illinois	524	27	551	50
Indiana	172	18	190	64
Iowa	196	9	205	219
Kansas	174	17	191	47
Kentucky				
Louisiana	163	0	163	78
Maine				
Maryland	51	7	58	30
Massachusetts				
Michigan				
Minnesota **	0	0	0	AAA
Mississippi	90	3	93	27
Missouri				
Montana				
Nebraska				
Nevada				
New Hampshire				
New Jersey				
New Mexico	42	1	43	34
New York				
North Carolina	224	19	243	111
North Dakota				
Ohio	369	46	415	163
Oklahoma	112	15	127	132
Oregon				
Pennsylvania				
Rhode Island				
South Carolina	103	11	114	0
South Dakota	51	0	51	93
Tennessee				
Texas	513	10	523	162
Utah	(41)	0	(41)	(66)
Vermont	26	0	26	38
Virginia	27	3	30	163
Washington				
West Virginia	52	0	52	62
Wisconsin	307	13	320	177
Wyoming	25	0	25	39
Subtotals	3,969	229	4,198	2,884
TOTAL			7,082	

*The FMIA exempts from ante-mortem, post-mortem, and processing inspection custom facilities that slaughter or process livestock delivered by an owner for use in the owner's household. Custom plants are required to meet certain facility, sanitation, labeling, and other requirements and are inspected periodically. Most of the plants in this column are custom-exempt, but the figures include a few low-volume poultry operations exempt from continuous inspection under the PPIA.

** Exempt only

D Designated

() Indicates Data From Preceding Review

APPENDIX C
DATES USDA ASSUMED INTRASTATE INSPECTION

State	Meat	Poultry
Arkansas	6-01-81	1-02-71
California	4-01-76	4-01-76
Colorado	7-01-75	1-02-71
Connecticut	10-01-75	10-01-75
Georgia		1-02-71
Idaho	7-01-81	1-02-71
Kentucky	1-14-72	7-28-71
Maine	5-12-80	1-02-71
Massachusetts	1-12-76	1-12-76
Michigan	10-03-81	1-02-71
Minnesota	5-16-71	1-02-71
Missouri	8-18-72	8-18-72
Montana	4-27-71	1-02-71
Nebraska	10-01-71	7-28-71
Nevada	7-01-73	7-01-73
New Hampshire	8-07-78	8-07-78
New Jersey	7-01-75	7-01-75
New York	7-16-75	4-11-77
North Dakota	6-22-70	1-02-71
Oregon	7-01-72	1-02-71
Pennsylvania	7-17-72	10-31-71
Rhode Island	10-01-81	10-01-81
South Dakota		1-02-71
Tennessee	10-01-75	10-01-75
Utah		1-02-71
Washington	6-01-73	6-01-73
West Virginia		1-02-71

Statement of
American Association of Meat Processors

before the
Subcommittee on Livestock, Dairy & Poultry
of the House Agriculture Committee
on H.R. 5268

Legislation to Permit the Interstate Shipment of State Inspected Meat
September 27, 1982

The American Association of Meat Processors, to which we will refer throughout this statement as AAMP, is the non-profit meat trade group which represents the small to medium size independent meat processors in the United States. We welcome the opportunity to present testimony on H.R. 5268 Congressman William Wampler's bill to permit state inspected meat products to be shipped in interstate commerce.

My name is Joan Dannelley Project Coordinator for AAMP. I am accompanied today by our Executive Director, Stephen F. Krut, and representatives of state meat trade groups from Wisconsin, Iowa, Oklahoma-Texas, Kansas, Missouri and Ohio.

Clarence Knebel of Belmont, Wisconsin, is owner of Knebel Processing Plant. Knebel's slaughters approximately 70 animals a week and cuts, wraps, freezes, cures and manufactures approximately 70 different sausage and smoked meat items. He is a member of the Legislative Affairs Committee of Wisconsin Association of Meat Processors.

Dale Turnmire is Executive Secretary of the Iowa Meat Processors Association and operated Dale's Fine Meats and Puritan Ice Cream Company, a family-owned business which he took over from his father.

Bill Wheat's meat plant is located in Marlow, Oklahoma. Cable Meat Center slaughters, processes meat and prepares a variety of sausage products, most of which is sold to the hotel-restaurant-institution trade. Mr. Wheat represents the Oklahoma-Texas Meat Processors Association.

James Macomber owns and operates three meat businesses, Macomber's Processing Inc., of which Winchester Locker Service in Winchester and Overbrook Meat Processing in Overbrook, Kansas are a part. These firms provide their local markets with fresh and cured meat products. Mr. Macomber speaks for the Kansas Association of Meat Processors.

Norvin Kampschroeder, owner of Norv's Meat Products in Washington, Missouri, and also secretary of the Missouri Association of Meat Processors, is a master sausage-maker. Using time-honored recipes and formulations Norv's produces seventeen different sausage products. They are also involved in slaughtering livestock, processing of fresh meats and curing and smoking meats. Norv's is federally inspected.

Glen Rager of Van Wert, Ohio, owns Rager's Country Butcher Shop, is also involved in farming and represents the Ohio Association of Meat Processors. Rager's slaughters and processes meats for home consumers.

AAMP's membership includes over 1400 independent, family-owned meat businesses located throughout the United States and Canada. As you can see by the attached profile, our membership includes both state and federally inspected meat plants. These meat plants are involved in all phases of the meat industry.

American Association of Meat Processors, P.O. Box 269, Elizabethtown, PA 17022

We have also been asked by the following non-profit meat trade groups to present testimony on their behalf Alabama Meat Packers & Processors Association, Arkansas Meat Processor & Locker Association, California Association of Meat Processors, Meat & Poultry Association of Hawaii, Illinois Association of Meat Processors, Indiana Meat Packers & Processors Association, Minnesota Association of Meat Processors, Nebraska Association of Meat Processors, Northwest Meat Processors Association, South Dakota Association of Meat Processors, and the Wyoming Meat Processors Association.

These groups represent over 1000 meat plants in the United States. Many of these small businesspeople operate their meat plants under state meat inspection programs while others operate with federal inspection in states which no longer maintain state meat inspection programs.

AAMP supports passage of H.R. 5268 because we believe that the state programs are doing their job in providing a wholesome supply of meat to consumers and that they have their place alongside the federal program. We will list here the reasons we believe the bill's passage would be timely and reasons why we believe small meat plants should continue to operate under state inspection. Each of these points will be dealt with in depth in the following pages.

1. State meat inspection programs are equal to, but not necessarily identical to, the federal meat inspection program.
2. Small plants voluntarily applying for federal inspection find the process frustrating and the bureaucracy too difficult with which to deal.
3. Foreign meat products, which are subject to less intense inspection than is offered by the states or the USDA, are permitted free access to American Markets. The same privilege should be given to American businesses that are constantly watched.
4. Consumer confidence in our nation's meat supply, including state inspected meat is at an all-time high. There is no reason to believe or proof that has been offered, which would lead anyone to believe that passage of this bill would change this.
5. The present restrictions do not allow small plants to serve their natural marketing areas and inhibit their growth.
6. Local economies could be enhanced by allowing greater competition between large and small meat plants. This is evidenced by the higher prices usually paid by local slaughterers to producers.
7. Consumers would be rewarded with more variety and more competitive pricing.
8. State and federal plants would be able to cooperate and operate more efficiently.
9. Five thousand state-inspected plants are prohibited from bidding on most government meat contracts under present law.
10. Close cooperation between USDA and state programs is essential in continuing to supply American consumers with the wholesome, unadulterated, properly labeled product to which they are accustomed.

11. Close contact by top level state officials with their employees and the meat plants under their jurisdiction makes it more difficult for illicit activities such as bribery and collusion to exist.
12. State inspection officials can quickly involve other agencies in trace and recall situations. This close cooperation better enables the state to enforce compliance and gain quicker prosecutions when violators are discovered.
13. Effective state compliance programs have been developed in all states. State compliance programs have assisted the federal compliance program on numerous occasions to stop the distribution of adulterated meat.
14. Because of the excellent state compliance programs and their proven ability to cooperate with the USDA and among themselves, the USDA would not have to increase its activities to trace and recall suspect meat from the states. State and federal could continue to assist each other in these endeavors.
15. Small meat plant operators find it difficult to obtain answers to questions and problems from the massive federal bureaucracy.
16. Communications between top level state policymakers and their field personnel are efficient.
17. The cost of the federal program could be brought under better control.
18. Consumers in 27 states are accustomed to seeing two different marks of inspection now (state and federal). The provision of the bill requiring states to have a distinctly different inspection legend only puts in writing what is already being done. No confusion should result.

STATE MEAT INSPECTION PROGRAMS ARE EQUAL TO, BUT NOT NECESSARILY IDENTICAL TO, THE FEDERAL MEAT INSPECTION PROGRAM -

The state and federal programs, contrary to the unfounded allegations of some opponents of the present system, are equal; but they are far from being the same.

Study after study has been done on the equal to status of state meat inspection programs. These inquiries have shown that the USDA has kept its finger on the pulse of the state programs. Problems found in the state programs during these studies, whether they be in individual plants or in a specific area of a state program would exist if the meat inspection program was administered by the federal government. Inherent problems do not cease to exist simply because the governing agency changes.

In truth, USDA has continuously monitored the state operated programs and has found them to be equal to that of the federal government, particularly in the area of most concern for the American public, safety and integrity.

Are state meat inspection programs "easier" on state inspected meat plants? No, but it is easier for small plants to communicate with them. The requirements of the state programs are often identical to federal requirements. Other programs enforce even more stringent requirements. In spite of this, most small plants still feel that they are better off with state meat inspection.

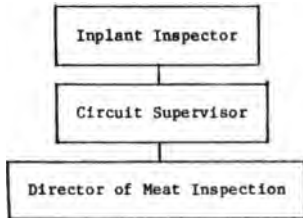
SMALL PLANTS VOLUNTARILY APPLYING FOR FEDERAL INSPECTION FIND THE PROCESS FRUSTRATING AND THE BUREAUCRACY TOO DIFFICULT WITH WHICH TO DEAL

The key word here is "easily". The plants which are operating under state meat inspection are generally satisfied with their present inspection status....except for the discrimination against them insofar as free and unhindered distribution of their meat products is concerned. Federally inspected small meat plants, for the most part, are also operating satisfactorily in their present situations except for the problems they often experience in working with the federal bureaucracy.

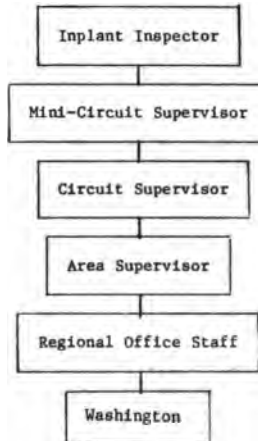
Why, then, don't these small plants, if they want to ship their products in interstate commerce, apply for federal inspection? Why not let the federal government inspect all meat plants and solve the whole problem? Why do small plants fear a possible takeover of their state meat programs by federal authorities? In one word BUREAUCRACY. Of all objections to federal inspection, this is the one most often voiced and one of the major concerns of small operators who are faced with the decision of applying for federal inspection. The operators of most small plants don't want to face the massive bureaucracy with which federally inspected plants must deal on a regular basis.

Compare the following organizational charts, one of which is typical of state meat inspection programs and the other a part of the federal meat inspection program structure

State Meat Inspection Program



Federal Meat Inspection Program



The organizational chart of the Washington offices alone fills a sheet of paper 8-1/2" x 14", without even considering the field offices. We on the AAMP staff have become accustomed to working our way through the Washington maze in order to find answers. And, we normally find USDA employees to be cooperative and helpful. But, we have many years of experience behind us and are familiar with the duties of many of the meat inspection officials.

State program organizational structures are simple and direct. By comparison, the federal structure is large and cumbersome. Problems are normally resolved quicker by state inspection officials than by federal officials. People in the state program offices are normally in tune with what is going on in the state's program. There is little or no passing the buck from one bureaucrat to another until everyone is so frustrated that they give up rather than try to solve the problem.

Federally inspected small meat plant operators are not quite so fortunate. Unless they have someone like AAMP assisting them, they must take their problems to an inspector who, if the inspector is unable to provide a solution, must consult his circuit supervisor who can refer it to the area office, from where it goes to the Regional office and finally, if not yet solved, to Washington.

We understand the reasons for the size of the federal meat inspection bureaucracy. Federal program people are involved not only in inspection activities on a local basis, but also on a national and international basis and in the establishment of regulations which are then reviewed with state programs. In addition the USDA must monitor the state systems, provide laboratory facilities, administer the import-export program and answer to Congress.....all of which requires specialization and diversification of jobs.

Small meat plant operators have a difficult time dealing with such a complex bureaucracy. They need a direct line of communication with their official policymakers. And, although, it has been contended that this kind of direct contact with policymakers may lead to influence by politicians and businesspeople, we have seen no evidence of this.

What it means is that, when small plant management disagrees with an action by the administrator of the state meat inspection program, they are in a position to discuss the disagreement directly with the people responsible for setting the policy. Speed in solving problems and clarifying policies is crucial to the survival of small plants. Because the owners or managers of small plants are usually part of the production team and because their resources are limited, problems need to be solved quickly without involving a staff of legal people at the plant level to clear the waters through a massive bureaucracy.

Here is an example. A plant operating under federal inspection for many years was told that slaughter inspection would be withdrawn from his plant because they were not using approved slaughtering procedures as set down by Washington. The plant's procedures had been approved orally by a former supervisor and had been in use with no problems with contaminated meat for many years. The new supervisor insisted that the plant change the procedures even though the present procedures were resulting in a clean, wholesome product. The recommended procedures simply could not work in a very small slaughtering plant. After appealing to AAMP for help, the plant managed to have its existing procedures approved in writing.

The additional bureaucracy levels in the federal program have also created the problem of properly relaying information to the lay inspector. Inspectors often do not receive information on changes at all or receive it long after it is really needed. This results in confusion when, through USDA news releases, association bulletins and/or magazines a policy is announced and the inspector has not yet received official notice of its implementation.

We recently dealt with a labeling problem in the South for which a federal inspection policy had been set six or seven years ago. However, the USDA's officer in charge of that region was attempting to impose a different set of labeling requirements because he was not aware of the existence of the particular policy.

You can imagine, too, the needless confusion which is caused when an AAMP member calls for help with a problem, obtains the information as to Washington's official policy from the AAMP staff and then finds the inspector has no record or knowledge of the regulation or policy which applies to the given situation.

On the surface, it appears that it should be a breeze to transfer a plant from state meat inspection to the federal meat inspection program. After all, state systems are equal to the federal program and must abide by federal regulations. If the plant is operating satisfactorily under state inspection, shouldn't it be easy to apply for and receive federal inspection?

Not necessarily! The major hurdle facing the small existing meat plant applying for federal inspection is the facility requirements. These are set forth in a document known as "Handbook 570". Many small plants were built prior to enactment of the Federal Meat Inspection Act. While they were built according to generally accepted industry specifications for the production of wholesome products they were not bound by guidelines laid down by any governmental agency. Consequently, as these plants were brought into the meat inspection systems many were often unable to meet the federal facility requirements in "Handbook 570" designed primarily for big packing plants.

The majority of these facilities deficiencies did not affect sanitation of the meat plant nor the plant's ability to produce a wholesome unadulterated product. In the years immediately following passage of the meat inspection act, many were forced to close because of the expense involved in meeting the long established federal facility requirements. At the time, it did not seem to matter whether wholesome products could be produced under sanitary conditions in small plants. The question was whether or not they met the arbitrary facility requirements that had long been established for big plants operating under federal inspection.

Federal program officials eventually came to realize that not all of their facility requirements were necessary for the production of wholesome, unadulterated products in small plants. They came to the realization that the traditional methods of operation in many small plants enabled them to produce wholesome products in their existing facilities without requiring extensive renovations.

For example, federal requirements call for an inspected meat plant to provide inspectors with a private, lockable office. In small existing plants built prior to the inspection act, no inspector's office was provided. Yet, in applying for federal inspection, and sometimes in federally designated states, small plants are forced to remodel to provide this office. State programs

usually allow the plant to provide a lockable desk and file cabinet in a corner of an existing office. Bear in mind that federal inspectors usually cover four or five small meat plants on one "patrol" assignment. This means that each inspector may be provided with as many as four or five offices.

Another example is the federal requirement that slaughter inspectors be provided with private shower and toilet facilities. We have been told by many of our members that they have gone to the expense of installing these facilities only to have them remain unused for years. State programs often do not enforce this requirement but instead, ask that their employees be given private use of existing shower and toilet facilities. Thus, their employee privacy is insured but the plant does not needlessly spend money for facilities that may never be used.

As the result of the issuance and use of the "Small Existing Plant Handbook," thousands of small establishments are successfully operating today under inspection, both state and federal turning out product that is sanitary and wholesome. However problems develop when states are designated for federal inspection. Small existing plants voluntarily applying for federal inspection are not permitted the facilities deviations contained in the "Small Existing Plant Handbook". They are required to upgrade facilities to meet the standards of "Handbook 570" prior to being granted a federal inspection number. A state inspected meat plant producing a wholesome unadulterated product today might have to spend thousands of dollars to qualify for federal inspection tomorroweven though it is capable of producing an unadulterated product.

Obtaining federal inspection on an individual plant basis is not as easy as it sounds even though the state program under which it is operating is certified as equal to federal by the United States Department of Agriculture.

State programs have been more dedicated to "performance" in achieving assurances of wholesome product while federal procedures too often over-dwell on the "specifications" on equipment, door sizes, etc., to encourage state inspected plant operations to go after federal inspection.

In applying for federal inspection, meat plants run into a mass of paperwork which must be completed prior to the plant being granted federal inspection. The plant:

1. Is reviewed by the federal inspection authorities and given a list of facilities corrections which must be completed before the inspection number is assigned.
2. Blueprints (plot plan, building layout, water and sewer layouts, building materials, etc.) must be drawn up and sent to Washington for approval.
3. Label applications for all products must be submitted. This two-step process involves first submitting a sketch of the proposed label and then a final printer's proof. This must be done for every label used on an inspected meat product.

Only after all of this is completed is the plant granted federal inspection. And, problems always arise. Once the blueprints have been approved and any deficiencies corrected, plants have been faced with a second review which resulted in another list of deficiencies which supposedly needed correction.

Because they can't seem to find out once and for all exactly what must be done to qualify, plant operators often will become discouraged and give up even trying for approval.

Label approval is another area that is fraught with problems for the state inspected plant applying for federal inspection. After the plant has gone to the expense of preparing the blueprints, they are frequently returned from Washington with a list of questions and corrections which must be made. This has also been known to happen to a plant several times before final approval is granted.

In most small operations, a large variety of products are often produced on a small scale. Therefore, it is not unusual for a small plant operator to need 30 or more labels approved. One of our Minnesota operators had over 40 labels approved in the sketch form and was told to submit the final proof. He went to a printer had the printing plates prepared and submitted the final label only to be told that there were other corrections that had to be made. A Nebraska member produces 5 different sausage products in addition to other fresh and cured meats. The costs involved for "second guessing" by federal officials have been staggering for small plant operators.

In a state which is designated for federal inspection, the "Small Existing Plant Handbook" automatically applies to the plants which are brought under the federal program during the designation. For instance, when Pennsylvania was absorbed into the federal program in 1972 all of the plants which applied for inspection at that time were granted the exceptions contained in the Small Existing Plant Handbook. Deficiencies which were found in the plant which had a direct bearing on the wholesomeness of the product had to be corrected according to a time table outlined in each plant Plant Improvement Program (this is the method by which the USDA notifies a plant of a deficiency and gives the time period during which it must be corrected).

Another problem that state inspected establishments face, when they shift from state to federal inspection is inflexibility of inspection hours. State programs are generally much more flexible than the feds in this regard. Section 307.4 of the regulations outlines the considerations when determining when a plant will be given inspection. A plant which is just applying for inspection is apt to have to rearrange the plant work schedule to meet the availability of an inspector. Obtaining an additional day of inspection on a temporary basis or making an emergency change in inspection hours is often difficult if not impossible.

Currently, once a meat plant agrees to a formal arrangement for the hours during which he will have inspection the USDA does not have regulatory authority to force that operator to change his hours of operation. However, the USDA has formally proposed to change its "hours of inspection regulations to permit to shift a plant's inspection hours, and consequently its hours of operations, to suit their scheduling needs.

We have a member in the Northeast who was not aware of his right to refuse to change his hours of inspection. He had his hours of inspection changed six times in as many months. The havoc this creates, not to mention the infringement upon a private businessperson's right to operate his own business, is unimaginable.

FOREIGN MEAT PRODUCTS, WHICH ARE SUBJECT TO LESS INTENSE INSPECTION THAN IS OFFERED BY THE STATES OR THE USDA, ARE PERMITTED FREE ACCESS TO AMERICAN MARKETS. THE SAME PRIVILEGE SHOULD BE GIVEN TO AMERICAN BUSINESSES THAT ARE CONSTANTLY WATCHED.

Most small meat plants are not involved in exporting their products. We will not engage in a lengthy discourse on this aspect of the bill except to note the irony of the situation with regard to foreign products.

The foreign inspection program has long been a "thorn in the side" of state inspected meat plants. The USDA is not conducting continuous onsite meat inspection in foreign countries which export to the United States. Foreign systems are certified by the USDA as meeting USDA requirements and the foreign governments, with the help of one or maybe two USDA veterinarians, conducts the inspection of those plants exporting meat to the United States.

State inspection systems and meat plants are constantly subjected to USDA reviews which are few and far between in foreign programs. Yet, this state inspected meat which is receiving intense inspection by people who are often trained in federal training facilities under a program monitored by the USDA, is not permitted the same privilege of free movement into federally inspected establishments which is enjoyed by foreign products. If imported meat, which is often subject to less inspection than domestic meat, is permitted access to U.S. market is it fair to deny state inspected meat to be used by federally inspected establishments?

USDA has only recently proposed that foreign plants exporting product into the United States be required to be inspected at least once a month by a supervisor. State inspected plants in this country live under a continuous inspection rule.....needing daily inspection.....but without enjoying the same interstate shipment benefits as those foreign plants!

In fact, this very foreign inspection system managed to allow tons of kangaroo and horse meat into human food channels in the United States. This meat moved through the meat plants of some of the same large packing houses who are currently opposing passage of this bill because they believe that state meat inspection programs do not have adequate control over state inspected meat plants.

The kangaroo meat incident cast a shadow over the public confidence in the federal meat inspection system. Unfortunately, the entire meat industry gained a black eye because of it. But, mistakes will occur, whether they be in federally inspected or state inspected meat plants, and it is a credit to the federal program that they were able to uncover this deception and move so rapidly in recalling it.

Federal authorities did move very quickly in detaining and recalling this meat. But what isn't often recognized is the role the state meat inspection programs played in recalling this product. All twenty-seven states reported that they were involved in this massive trace and recall effort. With close cooperation between USDA and state officials the suspect meat was detained and eventually removed from our human food chain.

The state programs seem to be trusted to help rectify mistakes made by the federal program. But these very same state inspection programs aren't trusted to inspect meat plants involved in interstate commerce.....an incongruity we believe should be corrected now.

CONSUMER CONFIDENCE IN OUR NATION'S MEAT SUPPLY, INCLUDING STATE INSPECTED MEAT, IS AT AN ALL-TIME HIGH. THERE IS NO REASON TO BELIEVE, OR PROOF THAT HAS BEEN OFFERED, WHICH WOULD LEAD ANYONE TO BELIEVE THAT PASSAGE OF THIS BILL WILL CHANGE THIS

Consumers in 27 states continue to express their confidence in state inspected meat by purchasing and consuming millions of pounds of state inspected meat every year.

As long as we continue to deny state inspected meat the right to move in interstate commerce we are saying that state inspected product is inferior and is not to be trusted. We maintain that this is not the consumer's view of inspection. We doubt that most consumers are even aware that both the federal and state meat inspection systems exist nor to what extent their meat is inspected. What consumers do know is that they are constantly supplied with wholesome, disease free meat.

The argument that consumer confidence in meat will be undermined by allowing state inspected products to be shipped interstate is ludicrous and unfounded. We have yet to see any evidence, study or indication that this is true. Some of our nation's top meat products, evidenced by the fact that they are annually winners in national competition, are produced in state inspected meat plants. These products are as successful as they are because of their excellence and high quality.

THE PRESENT RESTRICTIONS DO NOT ALLOW SMALL PLANTS TO SERVE THEIR NATURAL MARKETING AREAS AND INHIBITS THEIR GROWTH -

Meat plants operating under state inspection cannot now serve their natural marketing areas because of restrictions in the current law. This means that plants ten to five even one mile, from a state line are restricted from serving their natural marketing areas. They must pay a penalty in their advertising costs because newspapers, periodicals, radio and television stations base their rates on the number of readers or audience reached. Paying full rates for advertising when the law does not allow them to serve those reached by the advertising is a compounded penalty for small plants operating under state meat inspection.

There is an artificial and political barrier to the growth of these small businesses that are forced to stagnate. By not allowing them to expand beyond political boundaries they are required to remain small or face the expensive technical and administrative programs of the Federal inspection system.

LIVESTOCK PRODUCERS PAY A PENALTY OF LESSENERED COMPETITION UNDER THE PRESENT LAW -

A small plant that is allowed to serve its natural marketing area without regard to political jurisdictions increases its volume. That means it buys more cattle, hogs, lambs, chickens, turkeys and veal animals. To the livestock producer, that means increased local markets and better competition for his animals. It translates into profits for the livestock grower. Simply by being able to sell more animals two or three miles away from the farm instead of trucking them hundreds of miles to major packing plants means less expense and greater profit for the producer.

ethnic products into areas where they are currently not available. The opportunities for mail-order and catalogue sales by small firms would be greatly enhanced by this legislation.

The purpose of the Federal Meat Inspection Act is to prevent the consumer from obtaining unwholesome product and to insure a wholesome supply of meat at all times. What protection is being provided to the consumer by prohibiting state inspected meat from moving freely into federally inspected plants? Are rank and file consumers... and we are not referring to professional consumer-ists based in Washington; we are talking about the individual consumer who foots the bill for all of this protection. Aware that they are being denied a source of wholesome product simply because of an antiquated provision in the Federal Meat Inspection Act. Has anyone bothered to give consumers a fair explanation of the problem so that they can express an informed opinion? We doubt it.

STATE AND FEDERAL PLANTS WOULD BE ABLE TO COOPERATE AND OPERATE MORE EFFICIENTLY -

Present law allows a federally inspected meat plant to buy meats from Australia, New Zealand, Argentina or European countries and ship them into interstate commerce as processed or fabricated products. Yet these same federal plants cannot buy meats from small, state inspected plants that produce the meats and other raw materials that they need. Thus we see a scenario of plant in the same town that cannot trade with one another, stifling the efficiency and economic growth of both facilities. Nor can federal plants subcontract or "job out" work to smaller state-inspected facilities. Many federal plants find it necessary to subcontract smoking, slicing, private labeling, breaking or other operations either as a matter of course during seasonal or peak times. Present law prohibits them from engaging in these mutually beneficial arrangements if a state-inspected plant is involved. The consequence is that federal plants must pay expensive shipping costs to have such work done or do it themselves with new equipment that will be used only occasionally and with workers who will be facing layoffs after those peak or seasonal periods.

FIVE THOUSAND STATE-INSPECTED PLANTS ARE PROHIBITED FROM BIDDING ON MOST GOVERNMENT MEAT CONTRACTS UNDER PRESENT LAW -

Federal government meat purchases for the military, school lunch programs, prisons, hospitals and other institutions are off-limits to 5,000 state-inspected meat plants because that product must be shipped across state lines. The lessened competition and higher prices that the government and taxpayer endure are totally unwarranted but are yet compelled by the present restrictions. Many schools, institutions etc. receive meats from federal government purchases in large quantities or in forms they cannot handle. They commonly take them to be stored, processed, sliced, or further handled in small local state-inspected meat plants. Plants that were originally forbidden to have bid on those government contracts. Local school districts and other entities pay additional storage and processing costs at further cost to the taxpayer.

CLOSE COOPERATION BETWEEN USDA AND STATE PROGRAMS IS ESSENTIAL IN CONTINUING TO SUPPLY AMERICAN CONSUMERS WITH THE WHOLESOME, UNADULTERATED, PROPERLY LABELED PRODUCT TO WHICH THEY ARE ACCUSTOMED -

One point needs to be made absolutely clear. In no way should any of the criticisms of the Federal inspection program we've presented be considered as a condemnation of the federal meat inspection program. The program is needed, has been well run and, judging by the low incidence of illness and death relat-

ed to consumption of meat which has been inspected by either federal or state officials, both programs have accomplished their goal of providing consumers with a continuous supply of wholesome meat

The federal program has its place in inspecting large plants, in dealing with export problems providing guidance and assistance to the states in maintaining their programs and providing laboratory capabilities. Large packing plants need the assurance that they can produce meat in one state to sell it in other states without having to subject the product to differing standards in different states.

State inspection programs also have their place alongside the federal program. It is our experience that by and large, small meat plants function more efficiently and economically under state inspection programs because of the less cumbersome bureaucracies in state programs

It is time to recognize that the monumental task of providing the American consumer with a safe wholesome supply of meat cannot be accomplished by the federal government alone. The close cooperation which has developed between the state meat inspection programs and the federal inspection program is evidenced by the large part state meat inspection programs played in the recall of Australian horse and kangaroo meat. This cooperation and pooling of resources between the states and the federal government should be encouraged.

Ultimate responsibility for assuring that a safe supply of meat enters interstate commerce lies with the USDA. They have demonstrated for years that this responsibility can be safely and economically met through cooperation with the state programs. Far from abdicating their responsibilities, the USDA has met the challenge with foresight and with the best interests of the consuming public in mind by continuing to foster the state meat inspection programs.

CLOSE CONTACT BY TOP LEVEL STATE OFFICIALS WITH THEIR EMPLOYEES AND THE MEAT PLANTS UNDER THEIR JURISDICTION MAKES IT MORE DIFFICULT FOR ILLICIT ACTIVITIES SUCH AS BRIBERY AND COLLUSION TO EXIST -

It has been suggested that, because of the kind of direct contact with policymakers which is typical of state programs, there is a proneness to influence by politicians and businesspeople. We have seen no evidence of this. In fact, we suspect that such illicit activities are easier to cover up and hide in a program as massive as the Federal meat inspection program.

EFFECTIVE STATE COMPLIANCE PROGRAMS HAVE BEEN DEVELOPED IN ALL STATES. STATE COMPLIANCE PROGRAMS HAVE ASSISTED THE FEDERAL COMPLIANCE PROGRAM ON NUMEROUS OCCASIONS IN STOPPING THE DISTRIBUTION OF ADULTERATED MEAT -

Successful compliance programs, including the ability to trace and recall adulterated product should it be necessary have been implemented in all state programs. The last remaining state meat inspection program without such a compliance program, Florida recently completed steps to activate a separate compliance branch. Prior to that time, compliance activities had been handled by inspection supervisors. Evidence of the excellence of these activities is provided by the fact that these state compliance programs have assisted the USDA in stopping the distribution of adulterated meat, even in interstate commerce.

For instance, an individual operating in Pennsylvania, a federally inspected state was successfully prosecuted for selling and distributing diseased meat after a cooperative effort by the Maryland state program and the Federal program. In another recent case involving cooperation between state and federal compliance programs, an individual in Florida was stopped from selling adulterated meat.

A large part of the kangaroo and horse meat brought into the United States from Australia was traced and detained by state meat inspection programs.

Consumers have a right to expect to be protected from these types of operations. And, close cooperation between state and federal authorities is paramount in discovering and prosecuting these cases. State compliance officers normally have the authority to take their cases to local district attorneys and magistrates while the Federal cases must be turned over to the Attorney General's office. Because of this states are better able to more readily and successfully prosecute violators of their inspection acts.

Another case in Louisiana involved thousands of pounds of goat meat, under federal seal of inspection which was labeled as "beef". The Louisiana compliance program discovered the error and recalled the product.

STATE INSPECTION OFFICIALS CAN QUICKLY INVOLVE OTHER AGENCIES IN TRACE AND RECALL SITUATIONS. THIS CLOSE COOPERATION BETTER ENABLES THE STATE TO ENFORCE COMPLIANCE AND GAIN QUICKER PROSECUTIONS WHEN VIOLATORS ARE DISCOVERED.

Without exception all twenty-seven state inspection programs indicated that they are able to turn to other state agencies (i.e. consumer protection agencies, law enforcement agencies, etc.) in enforcing their state inspection laws. When a case is investigated by a compliance officer, he can go to a local district with the evidence and gain quick action on the merits of the case. Successful prosecutions of violators of state inspection laws are more frequent than similar prosecutions under the federal law.

This isn't because the federal compliance people aren't trying as hard. It is simply a matter of politics. Federal cases are handled by the Attorney General's office and federal prosecutors. Because of their already heavy workload, cases involving illegal sales of adulterated meat do not normally take precedence and therefore are never prosecuted. Another stumbling block for the federal compliance program is their inability to involve other agencies to assist.

BECAUSE OF THE EXCELLENT STATE COMPLIANCE PROGRAMS AND THEIR PROVEN ABILITY TO COOPERATE WITH THE USDA AND AMONG THEMSELVES, THE USDA WOULD NOT HAVE TO INCREASE ITS ACTIVITIES TO TRACE AND RECALL SUSPECT MEAT FROM THE STATES. STATE AND FEDERAL COULD CONTINUE TO ASSIST EACH OTHER IN THESE ENDEAVORS -

Opponents of this legislation have charged that the federal bureaucracy, and consequently its budget, would have to increase because of the additional burden of tracing and recalling adulterated state meat inspected meat products placed in interstate.

Nothing could be further from the truth! As illustrated earlier, the state programs have demonstrated time and again their willingness and ability to cooperate with the federal program in trace and recall situations. This cooperation will probably become closer if this law is passed.

In addition, it should be noted that the USDA currently uses part of its funds to enforce the restriction on interstate shipment of state inspected products. These funds could be shifted to the effort of keeping tabs on the movement of suspect meat. The net effect would be no additional cost to the USDA.

Actually, the USDA could eventually gain tighter control over state inspected meat if this bill is enacted. By permitting this product to be used in a federally inspected plant, it would be subject to reinspection upon entering the federal plant. This would enable the federal inspector to have a direct look at the product and possibly spot any problems

COMMUNICATIONS BETWEEN TOP LEVEL POLICYMAKERS AND THEIR FIELD PERSONNEL ARE MORE EFFICIENT -

The additional levels of bureaucracy in the federal program have created the problem of properly relaying information to the lay inspector. When a policy decision is made in Washington, it is relayed from the Washington office to the Regional office to the Area Office to the Circuit Supervisor and then to the lay inspector. The inspector often does not receive the information at all or receives it long after he really should have it. This results in confusion when through USDA news releases, association bulletins and/or magazines a policy is announced and the inspector has not yet received official notice of its implementation.

Confusion is also apparent when an AAMP member calls for help with a problem, obtains the information as to Washington's official policy from the AAMP staff and then finds the inspector has no record or knowledge of the regulation or policy which applies to the given situation.

On top of all this, the USDA has now proposed that industry pay all inspectors for reading this material. A recent USDA proposal, if adopted, would make industry pay fifteen minutes of overtime on each shift to complete forms, read directives and change clothes.

Because of the simple lines of communications in state programs, this problem is almost non-existent. Circuit supervisors and inplant inspectors can normally be quickly and efficiently advised of policy decisions affecting the plants in their jurisdiction.

The closest contact that most small meat plants have with the federal inspection program is the area office. Earlier this year, the USDA recommended closing these offices. This would mean that a meat plant in Maine would have had to call Pennsylvania to solve problems. Other than the inspector and his supervisor no direct link with a higher authority would have been available within his state. After Congressional review of the proposal, the USDA was asked to rethink this idea.

CONSUMERS IN 27 STATES ARE ACCUSTOMED TO SEEING TWO DIFFERENT MARKS OF INSPECTION NOW (STATE AND FEDERAL) NO CONFUSION SHOULD RESULT BECAUSE OF THIS REQUIREMENT

The provision of the bill requiring states to have a distinctly different inspection legend only puts in writing what is already standard operating procedure. All of the state inspection legends are different than both the federal inspection legend and the federal grading legend. It is not uncommon for local supermarkets in the 27 states with state inspection programs to carry

By the time most meat reaches the consumer, the meat has been cut, trimmed and packaged in retail size packages. The marks of inspection have been removed and the consumer never sees them. Since most retail stores are not subject to either state or federal inspection, the legend does not customarily appear on the retail package itself unless it has been prepackaged in a packing plant ready for retail display.

A third point needs to be considered. Graded meat has a shield placed on the meat in addition to the round inspection seal. This doesn't seem to confuse consumers. And, these marks both appear on the same package of meat. Having two different inspection seals on two different packages should cause no more confusion than having two different seals on the same cut of meat.

THE COST OF THE FEDERAL PROGRAM COULD BE BROUGHT UNDER BETTER CONTROL -

Currently the only way for a meat plant to gain access to the interstate market is to apply for federal inspection. As each of these plants enters the federal system, the cost to the federal government increases. This shift from state to federal would stabilize with passage of this bill.

As called for in the legislation, those plants wishing to enter their products in foreign commerce would have to apply for federal inspection. All others would have to remain in their state program. Those wishing to apply for federal inspection would have to give six months notice and then federal inspection would commence on October 1.

Thus, on October 1, the federal program would have a firm grip on the number of plants for which they would be responsible in the coming year. And, barring a state program surrendering their program to the federal, the USDA would be able to better estimate the cost of the program in advance.

We would also hope that the USDA would give federal plants in state inspected states a "grace period" after passage of this legislation during which they could opt to return to their state programs. Once these shifts were initially accomplished, both the federal and state programs could remain more stable.

SUMMATION -

One point needs to be made absolutely clear: in no way should any of the criticisms of the Federal inspection program we've presented above be considered as a condemnation of the federal meat inspection program. The program is needed, has been well run and judging by the low incidence of illness directly related to consumption of meat which has been inspected by either federal or state officials, the programs have accomplished their goal of providing consumers with a continuous supply of wholesome meat.

The federal program has its place in inspecting large plants, in dealing with export problems providing guidance and assistance to the states in maintaining their programs and providing laboratory capabilities. Large packing plants need the assurance that they can produce meat in one state to sell it in other states without having to subject the product to differing standards in different states.

State inspection programs also have their place alongside the federal program. It is our experience that, by and large, small meat plants function more efficiently and economically under state inspection programs because of the less cumbersome bureaucracies in state programs.

Both state and federal programs are needed. The USDA and the state programs need to work together, complementing each other's programs, without the constant feeling that the state system is inferior to the federal. Either the states are doing the job or they aren't. If anyone can show to Congress that the job is being inadequately handled by the state programs, then the USDA should assume the responsibility for administering these programs and answer to Congress as to why it wasn't done sooner. If they can't prove that the states are doing an inadequate job, and we believe that this evidence can't be produced because it doesn't exist, then there is no reason to oppose H.R. 5268.

The state programs are doing a tremendous job of providing consumers in their states with a wholesome supply of meat. The passage of H.R. 5268 would be a step in the right direction in eliminating the feeling of competitiveness which has always seemed to prevail as these programs are discussed.

Respectfully submitted,


(Mrs.) A. Joan Dannelley
Project Coordinator

AMERICAN ASSOCIATION OF MEAT PROCESSORS **MEMBER PLANT PROFILE**

January 1, 1

CUMULATIVE TOTALS FOR ALL FIRMS REPORTING

TOTAL RETURNS: 744

	TOTAL	PERCENT
AAMP MEMBERS WITH INSPECTED MEAT PLANTS	573	77
RETAIL EXEMPT OPERATIONS	98	13
CUSTOM EXEMPT OPERATIONS	177	24
NUMBER OF EMPLOYEES: FULL TIME . . . 1 - 5.	367	49
6 - 10.	191	25
11 - 20.	109	15
21 - 30.	24	3
31 - 40.	8	1
41 - 50.	8	1
Over 50.	28	4
PART TIME . . . 1 - 10.	527	70
11 - 20.	15	2
21 - 30.	4	.1
Over 30.	2	.1
TOTAL NUMBER OF EMPLOYEES	10238	
AVERAGE # OF EMPLOYEES PER PLANT.	14	
PRODUCTS HANDLED: BEEF.	721	97
PORK.	716	96
VEAL.	282	38
LAMB.	425	57
POULTRY	270	36
CURED MEATS	602	81
DO YOU SLAUGHTER? YES	519	70
NO.	225	30

P.O. BOX 269 ELIZABETHTOWN, PA 17022 (717) 367-1168

FACILITIES UNDER STATE SURVEILLANCE

		TOTAL RETURNS:	744
		TOTAL	PERCENT
INSPECTION STATUS:	STATE INSPECTED	337	45
	RETAIL EXEMPT.	47	6
	CUSTOM EXEMPT.	59	8
NUMBER OF EMPLOYEES:	FULL TIME . . . 1 - 5.	197	26
	6 - 10.	107	14
	11 - 20.	63	8
	21 - 30.	12	2
	31 - 40.	3	.1
	41 - 50.	3	.1
	Over 50.	5	1
	PART TIME . . . 1 - 10.	292	40
	11 - 20.	7	1
	21 - 30.	2	.1
	Over 30.		
	TOTAL NUMBER OF EMPLOYEES	4019	
	AVERAGE # OF EMPLOYEES PER PLANT. . . .	10	
PRODUCTS HANDLED:	BEEF.	386	52
	PORK.	384	51
	VEAL.	140	18
	LAMB.	221	29
	POULTRY	122	16
	CURED MEATS	318	43
DO YOU SLAUGHTER?	YES	296	40
	NO.	95	13

FACILITIES UNDER FEDERAL SURVEILLANCE

INSPECTION STATUS:	FEDERAL INSPECTED	236	32
	RETAIL EXEMPT.	51	7
	CUSTOM EXEMPT.	118	16
NUMBER OF EMPLOYEES:	FULL TIME . . . 1 - 5.	170	23
	6 - 10.	84	12
	11 - 20.	46	6
	21 - 30.	12	2
	31 - 40.	5	
	41 - 50.	5	
	Over 50.	23	3
	PART TIME . . . 1 - 10.	235	32
	11 - 20.	9	1
	21 - 30.	2	
	Over 30.	2	
	TOTAL NUMBER OF EMPLOYEES	6219	
	AVERAGE # OF EMPLOYEES PER PLANT. . . .	18	
PRODUCTS HANDLED:	BEEF.	335	45
	PORK.	332	45
	VEAL.	142	19
	LAMB.	204	28
	POULTRY	148	20
	CURED MEATS	284	38
DO YOU SLAUGHTER?	YES	223	30
	NO.	130	17

Knebel's Processing Plant, Inc.**"Where Quality
Comes First"**Home of Mar-Lan
Pork ProductsPhone 782-6197
(Area Code 608)
BELMONT, WIS. 53510Farm's Finest
Country Sausage

September 21, 1962

STATEMENT

Back in the 1960's, the Wholesome Meat Act was amended to include all state inspected plants. State inspected plants were not allowed to ship interstate or into foreign commerce because, at the time there was no uniformity in state meat and poultry inspection. USDA, which operates the federal inspection system, was charged with the responsibility of checking on states to make certain that they developed and operated uniform meat and poultry "equal to" those of USDA. The states developed those "equal to" programs and USDA still strongly emphasizes their equality in product wholesomeness and sanitation. But still, after nearly 15 years, the ban on interstate shipment remains, although the reason for it ended more than a decade ago.

For the owners of these thousands of small, family-operated firms, the ongoing discrimination has been frustrating. They have spent tens of thousands of dollars to upgrade and improve their plant operations and maintain them with a degree of sanitation and cleanliness that rivals many hospitals. But still, their products may not cross the state line. For the many meat plants located near state borders, it means that the natural marketing area cannot be served.

But the real losers under the law remain the consumers. They suffer because of higher prices they are forced to pay because of reduced competition. They suffer because they may not enjoy some of America's greatest, award-winning meat and poultry products that cannot be legally shipped into their state. Meat from foreign plants shipping into the U. S. can be sent into any state, but meat from state-inspected American "equal to" plants cannot.

But the consumer suffers in another incredible way. State inspected meat and poultry plants cannot bid on more government contracts, for the school lunch program, for the military, for prisons, hospitals and other institutions because the products must usually be shipped interstate. It means less competition and more tax dollars. The situation is so ridiculous that many schools actually receive federally inspected meat and poultry products and store them or have them further processed in state-inspected plants in their communities!

Smaller federally inspected meat plant operators find they may not purchase source materials from or subcontract out work to state-inspected meat and poultry plants, which may only be a few miles away, because of the present federal restriction.

Knebel's Processing Plant, Inc.

"Where Quality
Comes First"



Home of Mor-Lean
Pork Products

Phone 762-5187
(Area Code 608)
BELMONT, WIS. 53510

Farm's Finest
Country Sausage

Page 2

Livestock producers will benefit from greater competition. More marketability for products and greater possible volumes for state-inspected meat and poultry products should mean increased local demand for cattle, sheep, pigs, chickens and turkeys. Selling locally can also mean money saved on transportation for live animals.

Small firms can market based on demand for their products. Artificial impediments would be removed. Adjoining states are natural marketing areas and sales would be based only on demand for meat and poultry products. Another avenue would open to small processors, who could merchandise their specialty products through the mail via catalogs, flyers and commercial shippers. Getting that tangy championship Wisconsin summer sausage in the mail in Texas would become possible.

It would lend new competition to federal food program bidding. With interstate shipment rights available to them state-inspected plants could bid on federal food programs for schools, hospitals, prisons, the military and other institutions.

The economy would be stimulated. Give small business an incentive like increased markets and watch it go. Investments in new equipment, more employees, expanded facilities, new distribution and delivery systems, packaging and advertising are likely, all generating new local and state payroll and property taxes and greater federal revenues as well. The savings to the federal government in keeping 42% of the nation's meat plants under state responsibility should be obvious.

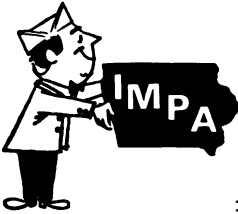
Respectfully submitted,

Clarence W. Knebel
President,
Knebel's Processing Plant, Inc.

INDIVIDUALS INDICATING SUPPORT FOR H.R. 5268

<u>NAME</u>	<u>CITY/STATE</u>
Equity Livestock Sales Association	Baraboo, Wisconsin
Weber's Processing Plant, Inc.	Cuba City, Wisconsin
Super Lockers, Inc.	Amery, Wisconsin
Hauber's Processing Plant, Inc.	Dickeyville, Wisconsin
Karl's Meats	Menomonie Falls, Wisconsin
Blau's Meat Market	Waunakee, Wisconsin
Hoff's United Foods, Inc.	Brownsville, Wisconsin
LeRoy Locker Service, Inc.	Knowles, Wisconsin
Dan's Cheese and Sausage	Mayville, Wisconsin
Holzhueter Meats	Waterloo, Wisconsin
Harry Hansen Meat Service	Franksville, Wisconsin
Leon Lugbill and Sons	Archbold, Ohio
Bufort Thrift Farm	Moniac, Georgia
Burnstad's	Tomah, Wisconsin

Submitted by: Congressman Steve Gunderson (WI)



Iowa Meat Processors Assn.

Dale Tummler, Exec. Secretary

Box 443

Cresco, Iowa 52136

Phone: (Office) (319) 547-2320

(Home) (319) 547-2330

POSITION PAPER OF THE IOWA MEAT PROCESSORS ASSOCIATION

LEGISLATION BEING CONSIDERED: HR 5268 presented by Congressman
William Wampler

PRESENTED TO: Tom Harkin, Chairman, Sub-Committee on Livestock, Dairy,
and Poultry.
Hearings: 9:00 A.M., September 29, 1982

ASSOCIATION POSITION: FOR PASSAGE

ASSOCIATION PROFILE:

The Iowa Meat Processors Association, IMPA, is a non-profit trade association representing small and medium size processors in the State of Iowa. Our membership includes 225 plants and 65 supplier members. The majority of the members businesses are family owned and located in every county in the State of Iowa. Our association is the oldest and largest of its kind in the United States with 45 years of service to the industry.

At the present time all of the membership, with the exception of two Federal plants, are under the supervision of the Iowa Meat & Poultry Inspection Department of the State Department of Agriculture, as provided for under the Wholesome Meat Act of 1967, and a subsequent identical bill passed by the Iowa Legislature. There are several types of inspection provided: "Custom Exempt" plants are plants which do strictly processing of non-owned livestock brought to the plant for slaughter and processing by farmers; these plants are regularly inspected for sanitation by the Department. "Official Processing" plants are those who manufacture products to be sold at wholesale or retail by them or some other retailer. "Official Slaughtering & Processing" plants are those who slaughter live animals under inspection for resale and also provide the functions of the aforesaid "Official Processing" plants.

SUPPORTIVE STATEMENTS FOR PASSAGE:

STATE MEAT INSPECTION PROGRAMS ARE EQUAL TO FEDERAL MEAT INSPECTION PROGRAMS.

State and Federal programs operate under identical laws and regulations governing inspection. As is most cooperative Federal-State programs identical bills must and have been enacted and regulations adopted to administer the legislation.

State Lay Inspectors and Area Supervisors are trained in Federal training schools and must pass the same requirements as Federal Inspectors.

State programs are supervised and evaluated by Federal Inspectors quarterly to certify "equal to" requirements of the 1967 act.

Either the States are doing the job or they are not. The system as it now exists has been operable for 15 years; if the State programs are not "equal to" it is not the fault of the existing programs BUT the fault of the Federal system which supervises and certifies them. We do not maintain that the State systems are all identical to the Federal, no more than any program can be identical when dealing with the human element, pre-existing physical properties of plants or equipment, or other variances which might affect anything being "identical" persay. However, when it comes to labeling requirements, post mortem and antimortem of animals for slaughter, basic sanitation requirements, regulations as to product content, internal temperature of finished product, cooking requirements, use of Federally approved equipment, Federally approved cleaning and sanitizing products, etc., the requirements for the State programs are identical to.

There is one aspect of inspection and the marketing of meat product in the market place which is usually misunderstood by most people with regard to protecting the consumer from misbranded or adulterated meat. The Wholesome Meat Act of 1967 makes it the responsibility of the Federal Government Compliance division to see that adulterated or misbranded meats are not sold to the consuming public and that the Compliance division shall enforce the provisions of the act. In other words, retail markets and super markets are exempt under the provisions of the 1967 act, however should anyone in these businesses violate the provisions of the act and sell adulterated meat or misbranded meats, Compliance has jurisdiction. Theoretically if the Compliance Division of the USDA is doing its job no matter who is in charge, Federal Inspection, State Inspection, or even exempted from inspection, the consumer marketplace would be safe.

STATE PROGRAMS ARE MORE ECONOMICAL THAN FEDERALLY ADMINISTERED PROGRAMS

Historically, cooperative programs in many fields that are being administered by the State Agencies are run more economically than Federal programs in those States dealing with the same regulations which some states have not chosen to administer. There are many cooperative Federal/State programs, and almost without exception the cost of administering the programs Federally alone has skyrocketed once the cooperative agreements have been nullified.

Meat inspection is a dramatic example of one of these Federal/State programs. Missouri's Governor chose to turn the Federal/State Meat Inspection program over to the Federal government, not because it felt it was not doing an "equal to" job or because the Federal Government was "designating" them for not doing an "equal to" job; but because it was felt that the 50% which the State must contribute was an unwarranted expenditure. The plants being inspected did not agree but were powerless to do anything else. The net result has been an expansion in monies expended for inspection by the Federal government of almost 4 fold, plus a reduction in inspection of "custom exempt" plants to a point of almost non-existence, and the growth of "bootleg" or unsupervised plants in the custom exempt area.

It is also costly to deal with the Washington bureaucracy in the matter of labeling, equipment approval, and changes in plant con-

struction, where final approval on these items must be made. Anyone can see the economics of dealing with these approvals from Des Moines, Iowa versus Washington, D.C.

SMALL PLANTS APPLYING FOR FEDERAL INSPECTION FIND THE PROCESS VIRTUAL IMPOSSIBILITY.

Most people fail to understand that it is not a breeze to become a Federal plant. The argument is presented, "After all, state systems are equal to federal programs and must abide by federal regulations, so it should be easy to apply for and receive federal inspection". It should be, but it is not. Some of the problems are:

FACILITIES REQUIREMENTS: The main hurdle facing an existing small plant in applying for federal inspection, is the facility requirements as set forth in "Handbook 570".

If one is just entering the meat processing field or is building a new plant, the requirement of "Handbook 570" is not unreasonable and in most cases will result in an excellent plant being built. In the case of a SMALL plant handling 5-25 head a day, some of the requirements have dubious value and may be economically unfeasible. However, the majority of the small meat plants in Iowa were built between 1935-1955, long before the Wholesome Meat Act of 1967 was passed. Though most of these plants are a far cry from the technology of today put down in "570", they none the less can produce a clean and wholesome product.

It is not hard to see that cost of raising the roof in a processing plant so that one can raise the rail height, so that full sides of beef can be handled, rather than quarters, as the plant was originally designed for, would raise serious economic reasons for not becoming a Federal plant. It should also be noted that many Federal plants are being presently operated, which could today not be licensed as federal plants because of design deficiencies. These plants are allowed to operate so long as a clean wholesome product can be manufactured and no physical changes are made without meeting Handbook 570 requirements.

It is also interesting to note that in states that are "designated" for Federal take-over, for some reason those that are "Official Processing or Slaughtering" facilities, they are granted Federal status and are allowed to operate under existing physical conditions and are not required to bring the plant up to Handbook 570 standards. Individual plants cannot make application, only if the state is "designated" are the existing plants accepted under the "federal facility requirements for small existing meat plants"!!

SMALL PLANTS AS A MARKET FOR LARGE FEDERAL PLANT RAW MATERIAL:

For some reason, the large Federally approved packer is in opposition to State Inspected products crossing State lines. It is our contention that these packers have not done their marketing homework. It is felt that the small plants will be in direct marketing competition so therefore they are opposed. If the facts were known, the small processor is probably one of the large packers better customers for quantity purchases of raw material for the manufact-

ure of specific specialty items. For example a plant that specializes in the production of Smoked Beef Round is not going to kill 25 head of cows a week to provide him with the 1000 lbs of inside rounds he needs per week. He would have no outlet for the 19,000 lbs of meat the 25 head would produce. If the facts were known, most small plants that would benefit by this law would further complement the large packers and become an even more profitable customer for them.

TWO INSPECTION LEGENDS, STATE & FEDERAL, IN THE MARKET PLACE:

The Iowa Meat Processors Association feels that this is a very desirable part of the proposed legislation. We in Iowa, and most mid-western states have done much to promote our state individual products. Under the present system of state legends and federal legends, within the states having inspection programs, there is no feeling of inferiority of state inspected products. On the contrary many many people have confidence in programs administered by the states. States maintaining the "equal to" status and expanding the marketplace to neighboring states, would redouble their efforts to meet present standards, since state pride for all products marketed and the credibility of those products would be further expanded.

PRESENT SYSTEM IS INHIBITING THE EXISTENCE OF SMALL LIVESTOCK PRODUCERS.

Through no fault of the large packer, centralization of facilities because of economic conditions is virtually eliminating small farmers from raising 25-50 head of cattle, and small numbers of hogs per year. Small meat processors are being called upon to buy animals from small producers, who are presently having to haul livestock 100 to 250 miles to find a market. In the State of Iowa there is no federally approved beef slaughter facility from Des Moines until you are east of the Mississippi river; the Dubuque beef plant has recently closed down. Interest in bidding on 10-25 head raised by a small producer is next to nil and subjects the producer to a less than fair market. Expanded markets which this bill could provide might help this situation.

SUMMATION:

The state programs are doing a tremendous job. They inspect more plants than the federal system. There has not been an illness or death in association with the consumption of state or federal inspected products in the marketplace. Wholesome products ARE being produced and have been during the past 15 years.

The system as it now exists under the Wholesome Meat Act of 1967 has passed the test of time. The system that has been developed is "equal to" and has been certified as such. It is time that the rights and privileges of being "equal to" are passed on to the state inspected facilities.

Respectfully submitted
Dale A. Turnmire
Executive Sec.
IOWA MEAT PROCESSORS ASSOCIATION



STATEMENT OF
THE NATIONAL BROILER COUNCIL
ON H.R. 5268, FEDERAL MEAT INSPECTION ACT AMENDMENTS
BEFORE THE
SUBCOMMITTEE ON LIVESTOCK, DAIRY, AND POULTRY
HOUSE COMMITTEE ON AGRICULTURE
SEPTEMBER 29, 1982

I am Kerri Ridenour, Director of Government Relations of the National Broiler Council. The Council is a trade association representing the producers and processors of over 75% of the broiler/fryer chicken consumed in the United States. We are pleased for the opportunity to appear before you today to discuss the reasons we are not in support of H.R. 5268, the Federal Meat Inspection Act Amendments.

Fundamentally, NBC believes that this legislation is unnecessary. Since the passage of the Poultry Products Inspection Act in 1957, the predominance of poultry consumed in the United States has emanated from federally-inspected plants. In its 1981 Meat and Poultry Inspection Directory, USDA's Food Safety and Inspection Service lists more than 3,000 federally-inspected poultry establishments. There are currently 229 state-inspected plants. Thus, state-inspected plants represents only approximately 7.6% of total establishments, and product being prepared in state-inspected establishments represents only 1% of total annual poultry production. We feel that it is simply not worthwhile nor equitable to have special regulations which apply to such a minute portion of establishments and product, especially when those establishments have the option of converting to federal inspection in order to sell product in interstate commerce.

The Madison Building-Suite 614/1155 Fifteenth Street, N.W./Washington, D. C. 20005/202 296-2622

A more serious problem with the legislation, however, focuses on uniformity. The poultry industry has worked very diligently since the inception of mandatory federal inspection to produce a wholesome, nutritious, properly-labeled, inexpensive and uniform product. Much of the success of the poultry industry has been due to its reliance upon uniform federal slaughter, processing, labeling, packaging and other criteria prescribed by the U.S. Department of Agriculture. We believe that the interstate sale of poultry products which are state-inspected might erode consumer confidence in product uniformity. Currently, a consumer can purchase poultry from New York to California that bears the USDA mark of inspection, as well as a USDA grade shield, and consumers know that those legends represent a wholesome, federally-inspected product. Under the proposed legislation, products prepared in state-inspected establishments must bear a label designating the state of origin. These products would not carry a federal inspection shield, and would most likely bear a grade shield different from that of USDA if graded at all, and such product could be prepared and packaged in a manner unfamiliar to consumers. We believe the movement in interstate commerce of product packed and labeled so diversely from federal standards could prove most confusing to consumers.

In testimony before the Subcommittee on Agriculture Research and General Legislation of the Senate Agriculture Committee in October of 1979, FSIS Administrator Dr. Donald Houston pointed out that:

"The Federal inspection system was designed to produce uniformity and confidence for consumers in the safety of the meat supply. The mark of federal inspection assures consumers that meat has been examined by inspectors who enforce the same standards nationwide, and that it has been slaughtered and processed in plants that must adhere to the same national standards."

"If state-inspected plants were permitted to enter interstate commerce, the direct control and responsibility of the federal inspection system over interstate product would be diminished."

We also contend that enactment of this legislation could prove both burdensome and costly to both federal and state agencies. Currently, state inspected plants must be reviewed by USDA on a routine basis to assure that the establishments are meeting the "equal-to" requirement prescribed by the Department of Agriculture. FSIS Administrator Don Houston also noted in the same testimony referred to above that:

" . . . if state plants were permitted to ship product to federal plants . . . Federal involvement at particular State plants would increase significantly."

In the case of adulteration, for example, Houston said that "federal inspectors would be required to take action to see that other adulterated product was not being shipped from the plant of origin," adding that "there would be unavoidable duplication of effort."

There also exists the added burden and confusion that would result from having to keep state-inspected product strictly segregated from federally-inspected product to prevent the introduction into international commerce of that product not inspected by the Department of Agriculture. USDA's involvement in the state-inspected establishments would also likely extend to product monitoring and to federal enforcement activities in the event of a residue or adulteration problem with state-inspected product.

In summary, while we certainly support the continuation of state inspection programs where desired, NBC opposes H.R. 5268 because of the potential consumer confusion or loss of consumer confidence which could result because of the dissimilar nature of packaging, labeling and other factors of state-inspected poultry products as compared to federal product. In addition, we believe that enactment of such a program would be confusing to both federal and state governments, and would result in a duplication of efforts that is simply unnecessary in light of the fact that state-inspected establishments have the option of converting to federal inspection. Again, we see no need for new regulations which apply to a mere 1% of poultry produced in the United States. We believe that state-inspected establishments which wish to ship their products in interstate commerce should and must choose the option of converting to federal inspection.

American Farm Bureau Federation



WASHINGTON OFFICE
600 MARYLAND AVE., S.W.
SUITE 600
WASHINGTON, D. C. 20024
AREA CODE 202 - 484-2222

September 27, 1982

Honorable Tom Harkin, Chairman
Livestock, Dairy and Poultry Subcommittee
House Agriculture Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Harkin:

The American Farm Bureau Federation supports legislation (H. R. 5268) allowing meat and poultry inspected under state programs which are equal to federal inspection and approved by the U.S. Department of Agriculture to move in interstate commerce.

We are concerned with the trend to turn state responsibilities for meat and poultry inspection over to the federal government. This trend needs to be reversed. Passage of pending legislation to allow meat and poultry processing plants which meet federal inspection standards to sell across state lines will provide an incentive to the states to retain their state meat inspection programs.

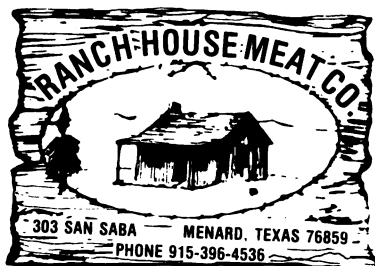
The opportunity for smaller plants that operate under compatible state inspection standards to sell products interstate without resorting to federal inspection will also encourage them to invest in and improve their operations. Livestock sellers should benefit since there should be more local competition for their animals and poultry and lower transportation costs to markets.

We believe H. R. 5268 will lead to a reduction in the regulatory burden on the meat industry and should be enacted.

Sincerely,

John C. Datt
Secretary and Director
Washington Office

cc: Members of the Subcommittee



September 21, 1982

The Honorable E. de la Garza
Chairman House Committee on Agriculture
1301 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Chairman,

I am writing to express my support for hearings on H.R. 5268. The interstate shipment of state inspected products would be very beneficial to my business; it would enable me to ship my products anywhere in the United States. The present House resolution would not increase federal expenses since a federal inspector would not be necessary. It is greatly to the advantage of the meats industry and the government to facilitate the passage of this bill.

Thank you for your attention to this matter.

Sincerely Yours,

A handwritten signature in cursive script that reads "Max L. Stabel".

Max L. Stabel,
Ranch House Meat Co.

MLS:eh

SEP 27 1982



Ohio Association of Meat Processors, Inc.

SEP 2 1 1982

1550 STANHOPE-KELLOGGSVILLE ROAD
JEFFERSON, OHIO 44047

President
GARY HASSELBACH
419 332 0711
419 332 1747

LINDA NECZEPORENKO, Executive Secretary
216-577-1216
216-577-1534

September 22, 1982

The Honorable William J. Stanton
United States House of Representatives
Washington, D. C. 20515

Dear Congressman Stanton:

The Ohio Association of Meat Processors (O.A.M.P.) representing more than six hundred state-inspected establishments, requests that this letter be included as part of the official hearing record for H. R. 5268 scheduled for September 29 at 9:00 a.m.

The O.A.M.P. loathes the discrimination of its plants and products that are in USDA's terminology "equal to" those under federal inspection. Our state-inspected plants have spent millions of dollars upgrading and improving facilities to meet federal standards and yet our products are blocked from crossing state boundaries. While at the same time imported products travel in interstate commerce with no restrictions, even after the "Australian horse-meat" scandal.

Most of our firms are of the small, family-operated variety that takes so much pride and care in manufacturing their products.

The present law discriminates against state inspected plants that the USDA declares "equal to" federally inspected. This policy also stifles competition; therefore, the consumer loses.

On the other hand, increased competition could mean greater employment, more production jobs, and higher tax revenues.

Respectfully,

Linda Neczeporenko

Linda Neczeporenko,
Executive Secretary

"an affiliate of"



Home Of
Hill Country Smokehouse
Products



BURNET COUNTY PROCESSING PLANT

P. O. BOX 443 — 406 EAST POLK
BURNET, TEXAS 78611
512 756-4994

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For too long, 15 years to be exact, American-produced meat and poultry products have been discriminated against by federal law while foreign-produced products are welcomed in the American marketplace.

The passage of the Wholesome Meat Act of 1967 and the Wholesome Poultry Products Act of 1968 required states to enact and enforce inspection requirements that were at least "equal to" the level of federal inspection. But still, after nearly 15 years, the ban on interstate shipment remains, although the reason for it ended more than a decade ago. Meanwhile, meat from foreign plants shipping into the U. S. can be sent into any state, but meat from state-inspected American "equal to" plants cannot. How absurd!

Who is hurt by this discrimination? Mostly, it is smaller state-inspected plants like mine whose area of competition is severely limited. I have a contract with the Albertson's supermarket chain. The distribution center to which I ship my products is located in San Antonio, Texas, and services supermarkets in Texas and Louisiana. That means there are six stores in Louisiana that my products can't go to, and that is a lot for a small producer like myself! Then there are items that I am prohibited from even bidding on because Albertson's management wants them for all stores. I also have a contract with the U. S. Army and may supply products to Ft. Hood and Ft. Sam Houston but not to Ft. Sill because it is in Oklahoma instead of Texas. These restrictions have no reasonable basis and need to be eliminated.

Congressman William Wampler has introduced legislation to correct this situation by amending the federal laws that cause this present discrimination against state-inspected plants. I urge you to support this legislation! It is vital to the small packers of the nation! Similar legislation should soon be introduced in the Senate.

Opposition will come from the big packer interests, the foreign plants exporting into the U. S., and the federal inspection unions. Reasons for opposition from the first two are obvious even though state-inspected meat represents only about 5% of the nation's total. (We little guys need our chances, too!) The federal inspectors unions oppose because they want to see more state-operated inspection programs hand over their reins to the federal inspection program. That would mean more expense to the federal government right at a time when budget deficits are at critical levels and a new "federalism" is being promoted.

This legislation makes sense and is not detrimental in any real terms to anyone. Please use your influence to support and promote the Federal Meat Inspection Act Amendments of 1981.

Very truly yours,

Fieldon C. Benedict
 FIELDON C. BENEDICT
 Owner and Operator

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